30 October 2023

2023 Annual Report

Hammer Metals Limited (ASX:HMX) ("**Hammer**" or "**the Company**") is pleased to attach its Annual Report for the year ended 30 June 2023.

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This announcement was authorised for issue by Mark Pitts, Company Secretary, Hammer Metals Limited.

Annual Report 2023

Hammer Metals

ABN

87 095 092 158

ASX

HMX

BOARD OF DIRECTORS

Russell Davis
Non-Executive Chairman

Daniel Thomas
Managing Director

David Church
Non-Executive Director

James Croser
Non-Executive Director

COMPANY SECRETARY

Mark Pitts

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STOCK EXCHANGE

ASX Limited
Level 40, Central Park,
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CORPORATE GOVERNANCE

The Company's corporate governance statement can be found at the following **URL:** hammermetals.com.au/about/corporate-governance/

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Photo by Kate Allen

Chairman's Letter

On behalf of Hammer's Board of Directors I would like to present Hammer's 2023 Annual Report

Dear Fellow Shareholders,

In my letter last year I wrote that I looked forward to the year ahead with confidence and mentioned several goals we hoped to achieve in the forthcoming year. Results of our field programs will be discussed in greater detail by Dan Thomas in the following Operations Review, however it is useful to look back on how the Company has progressed.

On the positive side of the ledger the Company announced a major 39% upgrade in its 100%-owned Kalman resource to a contained 500,000 tonnes Cu equivalent metal, as well as adding the smaller Lake View copper-gold deposit to the Company's mineral inventory. The Kalman project now comprises an estimated 208,000 tonnes of copper, 38,000 tonnes of molybdenum, 343,000 ounces of gold and 84,100 kilograms of rhenium in six deposits. Mining studies have recommenced into assessing the development potential of these resources.

Also, as foreshadowed last year Hammer's 100%-owned Hardway prospect is shaping up as an interesting copper-REE-yttrium deposit. Hardway is located close to the Barkly Highway, within easy trucking distance of Kalman, as are our other satellite deposits at Elaine, Overlander North, Overlander South, Jubilee and Lakeview. If further drilling at Hardway substantiates the results to date it is anticipated Hardway will be added to Hammer's mineral inventory in the coming months.

Exciting new positions are also emerging at the southern end of our tenement block from our drilling at Mount Hope South and Mascotte where high grade copper-gold intersections have been made this year. These targets are near to the Mount Hope and Lady Fanny deposits currently being actively assessed by Carnaby Resource Limited. Hammer holds a strong ground position proximal to these deposits with multiple targets yet to be tested.

After the initial encouraging results along the Ajax East - Pearl trend and at Mascotte Junction, the Company's subsequent drilling did not see these prospects translate into new resource positions. Whilst disappointments are unavoidable in exploration, as a team we know we must persevere, reappraise, and refocus; striving to put the funds that our shareholders, partners, and investors provide to the Company into targets where we think we have the best chances of discovery.

With respect to Hammer's "large target" generative work, the collection of baseline geochemical and geophysical data has advanced the Bullrush IOCG target, the previously untested large-scale altered and mineralised zone at Jimmy's Creek, as well as a series of strong VTEM conductors at Brothers north of the high-grade Tick Hill gold mine to the drilling stage. The optimal pathways to getting these targets tested at the earliest opportunity is currently under consideration.

The Company is actively monitoring the heightened activities of our neighboring explorers and miners in the Mount Isa region and is vigorously assessing new opportunities that make strategic sense to acquire, as well as identifying non-core areas for divesting or farmout.

The Mount Isa region is predicted to be an important source of base and critical metals to supply the energy transition infrastructure and is attracting significant government and major company attention. We believe that the potential for a large copper discovery as well as discovery of other critical minerals within Hammer's 3,000km^2 ground position remains high, and that Hammer, with its significant mineral inventory located in the core of this region has a key role to play in the critical mineral thematic and any potential consolidation opportunities.

On the corporate front, in September we welcomed James Croser to Hammer's board of directors as a Non-executive Director. James brings a wealth of practical mining and corporate experience to the Company. Sadly, Ziggy Lubieniecki has retired from the board however we will be able to access Ziggy's exploration skills on a consulting basis. On behalf of the board I would like to thank Ziggy for his valued contribution.

In conclusion I would like to thank Hammer's supportive shareholders, our joint venture partners at Mount Isa (Sumitomo Metal Mining Oceania and Glencore) as well as our small but effective team led by Dan Thomas for their efforts over the past year. Hammer of course advances on the efforts of its exploration team. I would like to acknowledge their significant contributions to our activities as they do the practical work of getting the various approvals and undertaking the field programs, and getting the ideas tested. The Hammer Metals team remains committed to making a significant exploration discovery and delivering a positive outcome for our shareholders.

Sincerely,

Russell Davis
Chairman

Corporate Strategy

- Position the company for discovery, through innovative and focused exploration for large copper-gold and gold deposits in two of the world's great metal provinces.
- Grow the Company's defined JORC resources to progress to a viable mining development scenario in Mount Isa.
- Work to consolidate and improve the quality of the Company's tenement positions.
- Operate safely and effectively.
- Deliver positive financial returns to shareholders.

Operational Highlights

- Completion of an updated Mineral Resource Estimate for Kalman with a ~39% increase in the contained metal within the deposit equating to ~500,000t of contained copper equivalent metal.
- Improved categorisation of the Kalman resource with an increase of 141% of inventory within the Indicated JORC category.
- Discovery of a significant copper/heavy rare earth element system at Hardway with broad zones of mineralisation discovered over a strike extent in excess of 1km.
- Significant mineralised copper intercepts recorded at promising targets at South Hope and Mount Mascotte.
- Identification of pegmatite system covering in excess of 1 square kilometre and lithium geochemical anomalism at North Orelia, situated approximately 40km east of the world class Kathleen Valley lithium deposit.
- Hammer applied and won a competitive tender process for new tenements in close proximity to the Mount Hope copper project.
- Acquisition of an 80% interest in the Cu/REE projects Mount Dorothy and Cobalt Ridge.
- Completion of broad scale geophysical programs including ground, downhole and airborne EM surveys, IP surveys, detailed gravity surveys and aerial and ground magnetic surveys generating sizeable highly prospective copper/ gold targets.
- Completed over 14.5km of drilling across in excess of a dozen targets in the Mount Isa project.
- Continued to define new prospective targets across lightly explored tenure in the Yandal gold, lithium and nickel belt.

Corporate Activity

The Company's corporate activities are focussed on enhancing the capacity of our exploration team to make discoveries through adequate funding, as well as securing tenements or projects that improve the quality and potential of the Company's exploration portfolio.

During the year, the Company further enhanced its standing in the Mount Isa region with Hammer notified that it is the prioritised applicant for EPM28285, located directly west of its Mount Hope tenement (EPM26777), along-trend and less than 5km north of Carnaby Resources' (ASX: CNB) Lady Fanny and Nil Desperandum copper discoveries. Hammer also acquired an 80% interest in the Mount Dorothy and Cobalt Ridge projects, two critical minerals projects in the Mount Isa district.

With a strong focus on our Mount Isa exploration portfolio, and declining interest for investors in gold exploration, our activities at our Yandal project were again slow during the year. An extensive soil sampling program in FY21 delivered exciting new lithium, gold and nickel targets and have the company set for a new phase of exploration in the Yandal region during the coming year.

On the funding front, the Company raised $3.5 million though a share placement ("Placement") at $0.060 per new share. The Placement was well supported by existing shareholders and several new high-quality institutional and sophisticated investors, representing a strong endorsement of Hammer's upcoming planned exploration programs in the Mount Isa region of North Queensland. An additional $200,000 was raised subsequent to the financial year, with the approval for the participation of Hammer's directors in the placement. Aiding funding during the year, a Research and Development tax refund of $1.1 million was received in March.

Through historical transactions, the company also holds investments in three junior exploration companies with a current valuation of ~A$250,000.

Mt Isa Project (QLD)

The Company is an active mineral explorer in the Mount Isa region, focused on discovering large copper-gold deposits of the Ernest Henry style and has a range of prospective targets at various stages of testing.

Through its wholly owned subsidiaries, the Company holds a strategic tenement position covering over 3,000km^2 with 100% interests in the Kalman (Cu-Au-Mo-Re) deposit, the Overlander North and Overlander South (Cu-Co) deposits, the Elaine-Dorothy (Cu-Au) deposit, the Lakeview (Cu-Au) deposit and a 51% interest in the Jubilee (Cu-Au) deposit.

The ground position is focused on major regional-scale structural zones and extends for over 100km from Mary Kathleen in the north to the Tick Hill area in the south.

The highlight of the FY23 year was the significant increase in the Mineral Resource estimate of the Kalman Cu-Mo-Au-Re deposit. The extension of a fourth lens of mineralisation to the north of the deposit provided the foundation for a 40% increase in the contained metal of the deposit. Ore sorting test work completed on Kalman during the year also highlighted potential for further optimisation of this deposit.

Over the year the company progressively tested many highly prospective targets defined through previous geophysical and geochemical programs. The culmination of these thorough preliminary programs led to the discovery of a number of highly prospective targets with broad initial drilling intercepts (>50m) with grades in excess of 1% copper. These targets at Hardway, Mount Mascotte and South Hope provide for follow up drilling programs and potentially new JORC resources for Hammer's mineral inventory.

At Hardway, initial field work delineated a copper and a heavy rare earth element system. Drilling during the year highlighted significant strike potential (1km) with wide spaced drilling intercepting mineralisation in most drill holes.

Exploration within Hammer's southern portfolio also increased during the year, resulting in strong copper intercepts in drilling at Mount Hope South and the nearby Mount Mascotte and Mascotte Junction prospects. Initial drilling at these prospects has been encouraging with follow up programs underway at the time of this report.

Broad scale geophysical programs, including Electromagnetic (EM), Induced Polarisation (IP), Gravity and Magnetic surveys have further contributed to a growing list of impressive IOCG targets for Hammer in the Mount Isa region. Further ground truthing and geochemical soil sampling programs have been completed leading to the maturation of prospects such as Bullrush and The Brothers. These prospects are drill ready and will be considered for drilling in FY24, potentially through a new Joint Venture arrangement.

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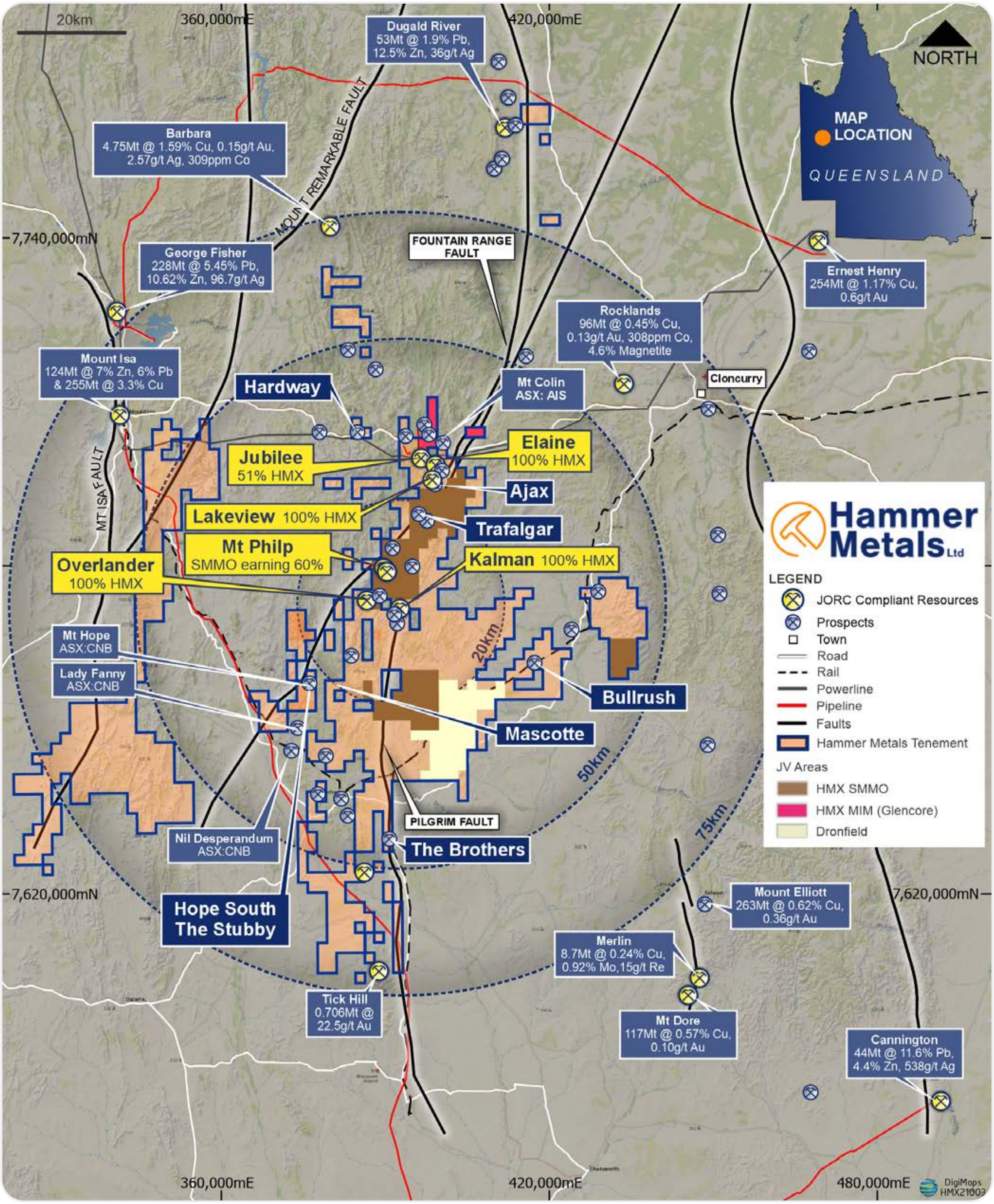


Mount Isa Project Locations

Mount Isa
Copper Gold Projects

▲ Kalman

The 100%-owned Kalman deposit, located 50km south-east of Mt Isa and 25km south of the Barkly Highway, is one of the few polymetallic deposits in Queensland to contain significant molybdenum and rhenium in addition to copper and gold.

With open pit and underground mining potential, the deposit remains open at depth and along strike.

Hammer reported an updated Mineral Resource Estimate (MRE) for Kalman during the June Quarter, delivering significant additional tonnage of shallow mineralisation. The MRE update reflects successful extensional drill programs completed last year and positions Hammer with one of the largest undeveloped mineral inventories in the Mount Isa region.

Highlights of the MRE update include:

- A 39% increase in the contained metal within the deposit and equates to ~500,000t of contained copper equivalent metal:
  - 39.2Mt at 1.07% Recovered Copper Equivalent ("CuEq Rec") at 0.53% Cu, 0.27g/t Au, 0.10% Mo, 1.5g/t Ag and 2.1g/t Re (See ASX Announcement 8 May 2023).
  - Open pit material represents 71% of the MRE (27.7Mt at 0.89% Cu Eq Rec)[1].; and
  - The Kalman MRE contains 208,400t of copper, 343,200oz of gold, 38,000t of molybdenum, 1.92Moz of silver and 84,100kg of rhenium.

In addition to the improvement in resource categorisation, the open pit resource at Kalman has grown from 13.3Mt to 27.7Mt. The inclusion of additional mineralisation at a shallow depth has the potential to positively impact the economics of the deposit.

▲ Kalman MRE by JORC Classification (May 2023 vs 2016)

Kalman Deposit - JORC 2012 Mineral Resource Estimate (May, 2023)

Classification	Tonnes Kt(1)	CuEq Cont. % (3)	CuEq Rec. %(2,3,4)	Cu %	Au g/t	Ag g/t	Mo %	Re g/t	Contained Cu Eq Metal (Kt) (1)	Recovered Cu Eq Metal (Kt)(1)
Indicated	17,120	1.04	0.87	0.43	0.22	1.2	0.08	1.7	180	150
Inferred	22,070	1.46	1.22	0.61	0.31	1.7	0.11	2.5	320	270
Total	**39,190**	**1.27**	**1.07**	**0.53**	**0.27**	**1.5**	**0.10**	**2.1**	**500**	**420**
2016 Kalman Resource(6)	20,000	1.80	N/A	0.61	0.34	1.9	0.14	3.7	360	N/A
Change	96%	-29%	N/A	-13%	-20%	-20%	-31%	-42%	39%	N/A

- *Note: (1) Rounded to nearest 10kt*
- *Note: (2) The recovered copper equivalent equation is: CuEq Recovered = 0.86*Cu + (0.74*0.771051*Au) + (0.74*0.008336*Ag) + (0.86*4.857143*Mo) + (0.77*0.023334*Re)*
- *Note: (3) Copper Equivalent Price assumptions are: Cu: US$7,714/t (US$3.50/lb); Au: US$1,850/oz; Ag: US$20/oz; Mo: US$37,468/t (or US$17/lb); and Re: US$1,800/kg*
- *Note: (4) Recovery assumptions are: Cu 86%; Au 74%; Ag 74%; Mo 86%; and Re 77%*
- *Note: (5) 2016 Cut Off Grades; Open Cut: 0.7% Cu Eq. and Underground 1.2% Cu Eq.*
- *Note: (6) 2023 Cut Off Grades: Open Pit 0.4% Cu Eq. and Underground 1.0% Cu Eq.*

Further effort in the coming year will continue to improve previous study work, much of which is now more than five years old and based upon the prior resource model. This work will include a revision of historical mining study optimisations with updated metal prices, cost assumptions and incorporate the recent successful ore sorting test results (see ASX Announcement 1 November 2022).

A program to enhance metallurgical work completed in 2010 will be considered in FY24 with a view to improving the historical recoveries for copper and molybdenum. The separation of copper and molybdenum sulphides is common practice in many global porphyry deposits such as Cadia (NSW), Sierra Gorda and Spence.

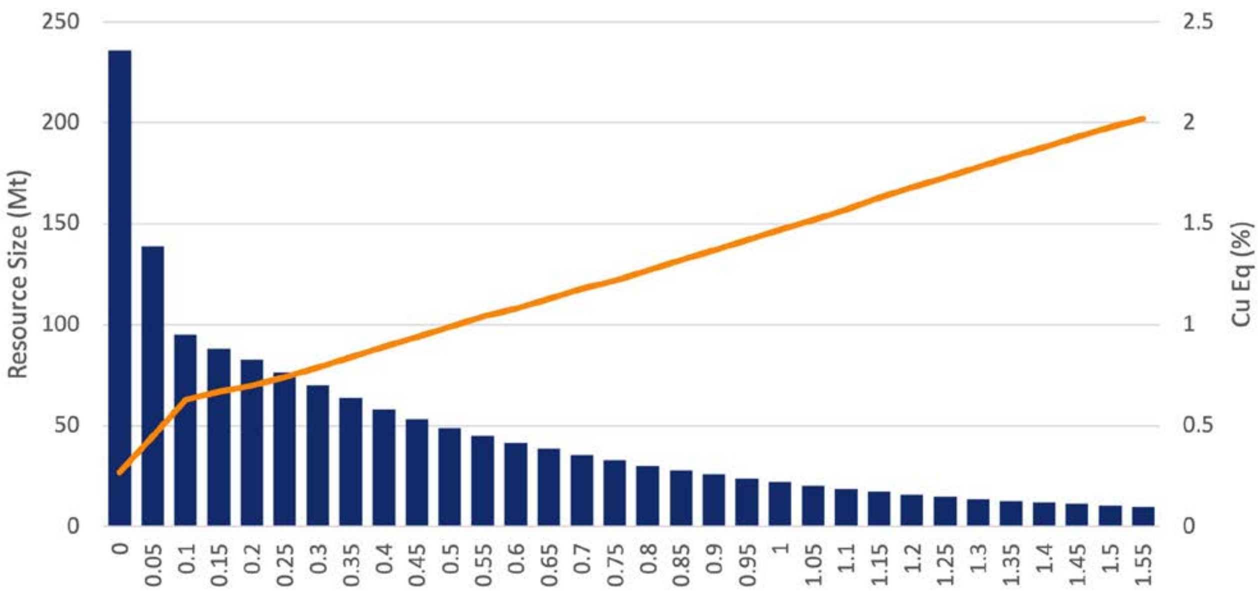
Kalman structure looking south

▲ Kalman MRE Categorisation Changes (2016 to 2023)

Categorisation Kalman Resource	2016 MRE (Kt)[1]	2023 MRE (Kt)[2]	% Increase
Indicated	7,100	17,120	141%
Inferred	13,200	22,120	67%
Proportion of Indicated	35%	44%	25%
Proportion of Inferred	65%	56%	-13%

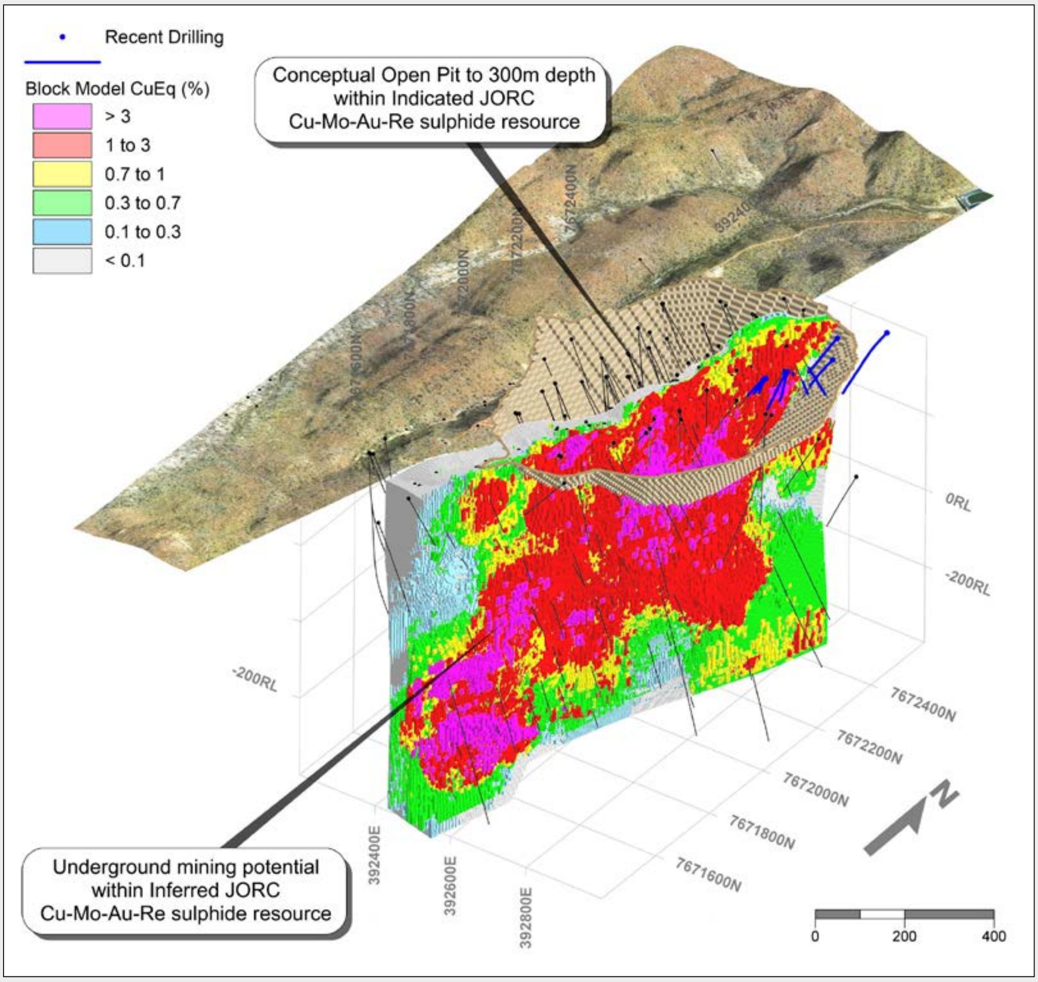
→ *Note: (1) 2016 Cut Off Grades: Open Cut: 0.7% Cu Eq. and Underground 1.2% Cu Eq.*

→ *Note: (2) 2023 Cut Off Grades: Open Cut: 0.4% Cu Eq. and Underground 1.0% Cu Eq.*



Kalman Cu Equivalent Grade Tonnage Curve

Operations Summary



Kalman Oblique View Looking Northwest showing Copper Equivalent % Blocks
(See ASX Announcement 8 May 2023)

Hammer also undertook an initial round of ore sorting testwork to determine whether ore sorting technology could be effectively applied to upgrading Kalman ore. The results indicate that >80% of the combined value of the ore can be recovered with a 40-45% reduction in mass processed.

Specifically, the ore sorting setting of rejecting low density material could achieve:

- Copper grade increase of 28% (0.71% to 0.91% Cu) with a mass reduction of 35% and recovery of 83.4%;
- Gold grade increase of 39% (0.23g/t to 0.32g/t Au) with a mass reduction of 35% and recovery of 90.7% %; and
- Molybdenum grade increase of 103% (0.33% to 0.67%Mo) with a mass reduction of 61.8% and a recovery of 76.6%.
- The initial work indicates that the Kalman deposit is very amenable to ore sorting and a larger bulk testwork program will be considered in FY24. (See ASX Announcement 1 November 2022)

Drilling at Kalman

▲ Kalman West

Kalman West is located approximately 1km west of the Kalman Cu-Au-Mo-Re Deposit. The prospect is anomalous in gold, copper, lead and zinc.

Initial mapping and drilling in the area showed the potential for high-grade gold mineralisation.

Mapping indicated that these high-grade results are sourced from several narrow quartz veins. Further investigation was considered warranted as the Tick Hill Gold Deposit is hosted in a similar geological and structural position relative to the Pilgrim Fault as Kalman West. With previous drill intersections of 1m at 46.3g/t Au and rock chips returning assays of up to 4.48% Au (refer to ASX announcements dated 1 October 2015, 28 August 2017 and 26 July 2021), Hammer completed a close-spaced five-hole, 200m RC drilling program in the area.

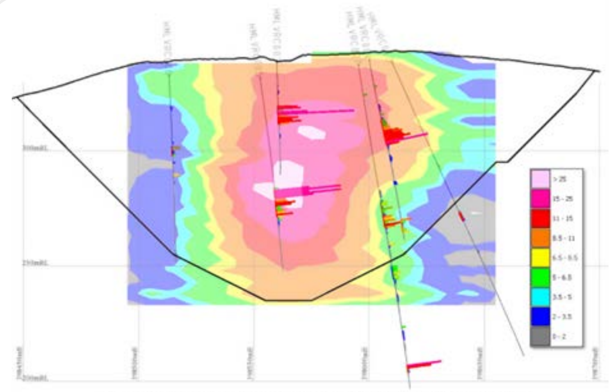
Whilst a significant intercept of 1m at 65.4g/t gold from 9m in HKWRC015 was returned from this program, the continuity of the high-grade mineralisation is poor and no further work is warranted. (see ASX Announcement 7 March 2023).

▲ Lakeview

The Lakeview prospect is marked by historical workings along an approximate 350m strike length.

Production records indicate that the mine was worked in the 1960's and early 1970's with 1,213 tons of ore extracted at a 16% Cu grade. The lode forms a distinctive sigmoidal shape with shafts being present on the long limbs of the prospective structure.

A new JORC resource was defined at the Lakeview deposit during the year. An Initial Mineral Resource Estimate was completed for the Lakeview copper-gold deposit comprising 0.58 million tonnes at 1.03% Cu and 0.30g/t Au in the Inferred category at a 0.3% Cu cut-off. The Lakeview deposit extends from surface and is open at depth with excellent potential for extensions both at depth and along strike (See ASX Announcement 21 December 2022).



*Lakeview Deposit - Domain 1 Long Section Cu% * Thickness (m)*
Domain 1 – Long section grade-thickness plot showing the optimised pit shell

Lakeview long section looking north
(See ASX announcement 21 December 2022)

▲ Lakeview MRE by JORC classification (December 2022)

Lakeview Deposit - Inferred Mineral Resource Estimate by weathering type (Cu 0.3% cut-off) - December 2022

Oxide	Tonnes	Cu (%)	Au (g/t)	Cu (t)	Au (Ozs)
Fresh	0.48	13.06	0.31	5,100	4,800
Oxide	0.10	0.84	0.25	800	800
Total	**0.58**	**1.03**	0.30	**6,000**	5,600

→ *Totals may not sum exactly due to minor rounding errors*

Operations Summary

▲ Hardway

The Hardway prospect was identified as a highly prospective target to be pursued during 2023.

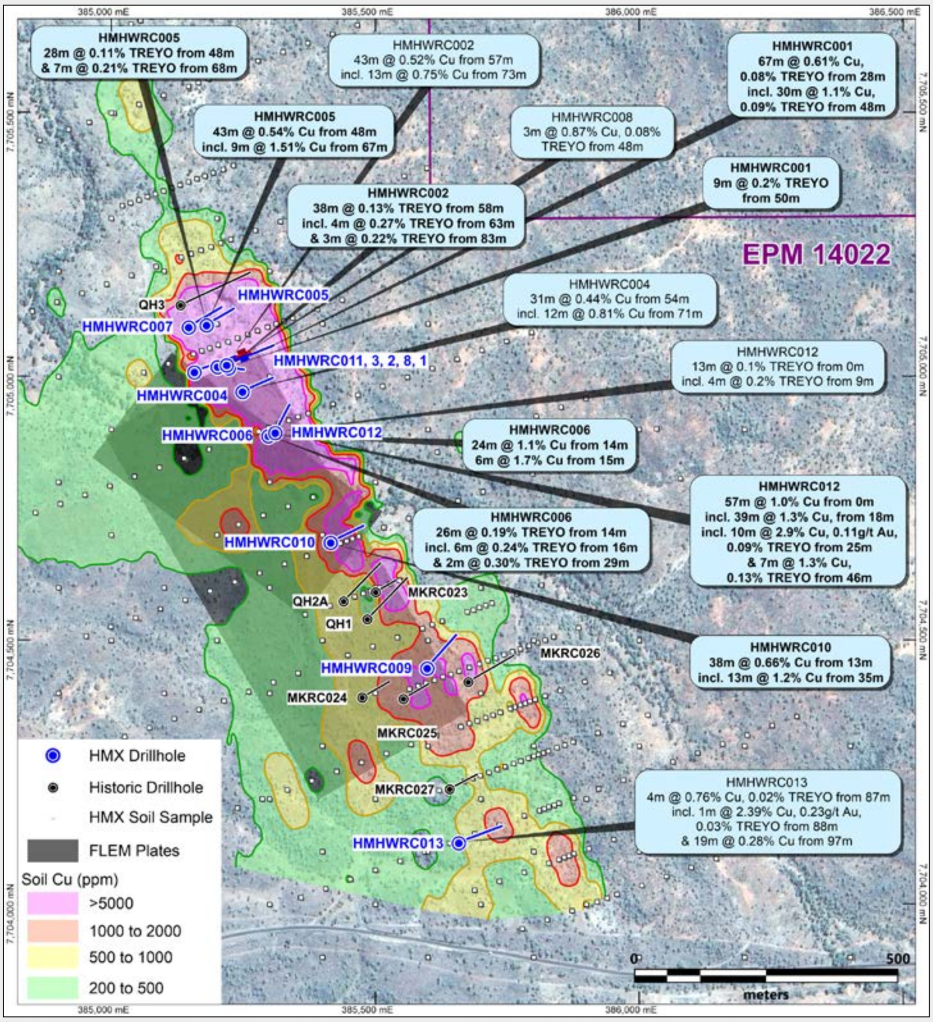
Hammer has just completed its third drilling program at this prospect where it has delineated broad zone of copper and heavy rare earth mineralisation with a strike extent of at least 1km.

The Hardway Prospect is unique in the Mt Isa inlier due to its combination of copper and REE mineralisation, and its location near regional infrastructure. Hardway is a dominant Heavy Rare Earth Yttrium Oxide (HREYO) system with an average HREYO/TREYO ratio of 65% within the interval below.

Drilling highlights for the year included (see ASX Announcement, 6 February 2023, 7 March 2023, 24 May 2023, 21 August 2023.):

- 57m at 1.0% Cu from surface in HMHWRC012, including 10m at 2.87% Cu, 0.11g/t Au and 0.09% TREYO from 25m;
- 24m at 1.06% Cu and 0.20% TREYO from 14m within 58m at 0.55% Cu from surface in HMHWRC006 (hole terminated in mineralisation).
- 30m at 1.1% copper from 48m in HMHWRC001 in addition to 26m at 0.14% TREYO from 34m.

Hardway North Pit looking south



Hardway - Soil Cu contours and drilling (See ASX Announcement 24 May 2023)

▲ Ajax

The Ajax prospect is located approximately 1.2km south-east of Lakeview along the 15km Trafalgar-to-Jubilee mineralised trend.

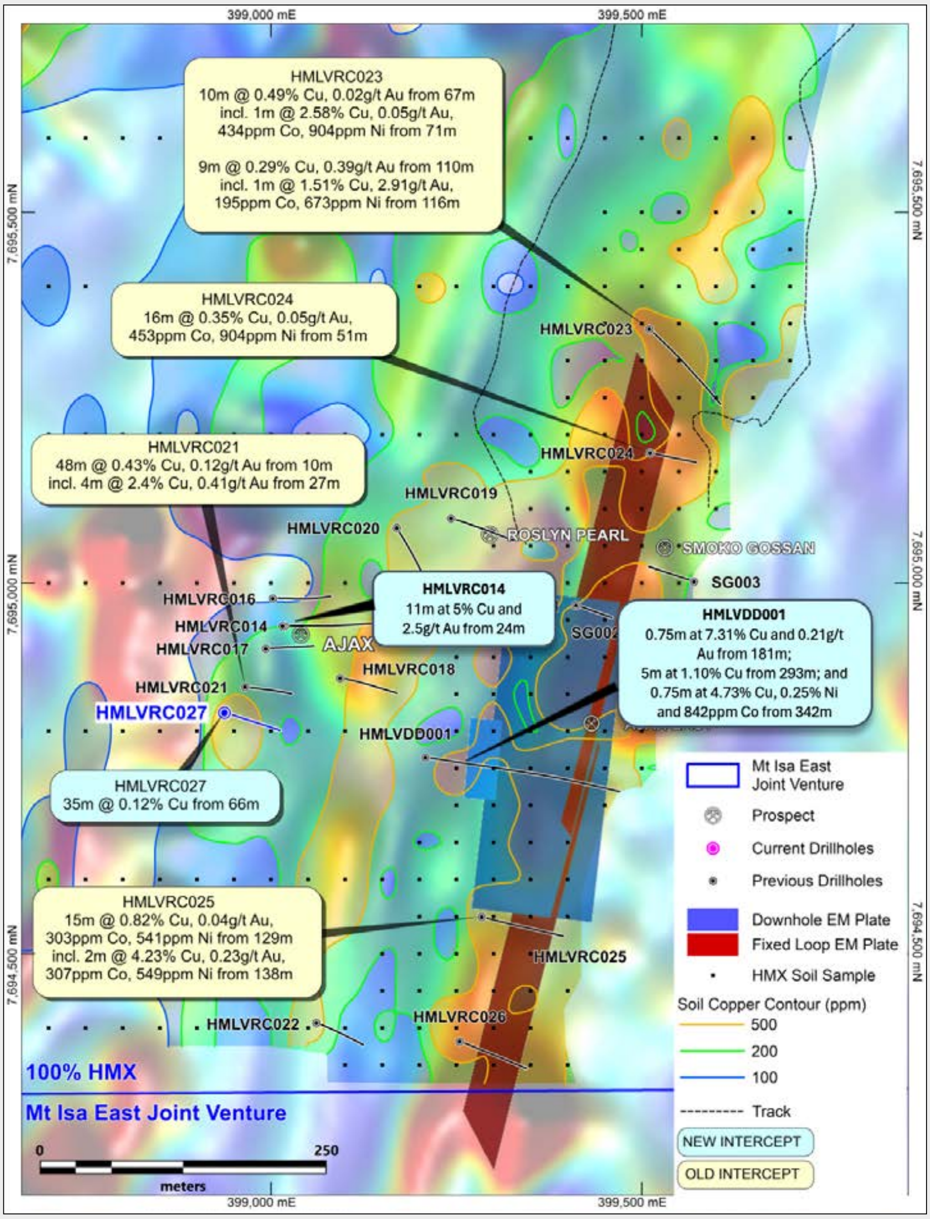
The Ajax trend was initially discovered in early 2022 with an intercept of 11m at 5% Cu and 2.5g/t Au in HMLVRC014 (see ASX release dated 9 March 2022).

In late 2022, follow-up drilling in the Ajax area tested this trend along strike with copper intercepts including:

- 48m @ 0.43% Cu and 0.12g/t Au from 10m in HMLVRC021, including:
- 4m at 2.4% Cu and 0.41g/t Au from 27m in HMLVRC021.

Five holes (for 1,050m) were drilled along the Ajax East FLEM anomaly. These holes targeted FLEM anomalies and zones of demagnetisation. The rationale was to test varying geophysical properties along the strike length of the EM anomaly, as these properties reflect the underlying alteration and sulphide mineralisation.

The broader extent of the sulphide system delineated at Ajax East remains under-explored, with strike extents of greater than 250m still without any drill coverage. Hammer will look to build upon its geological knowledge of the Ajax area and further test this zone in future drilling programs.

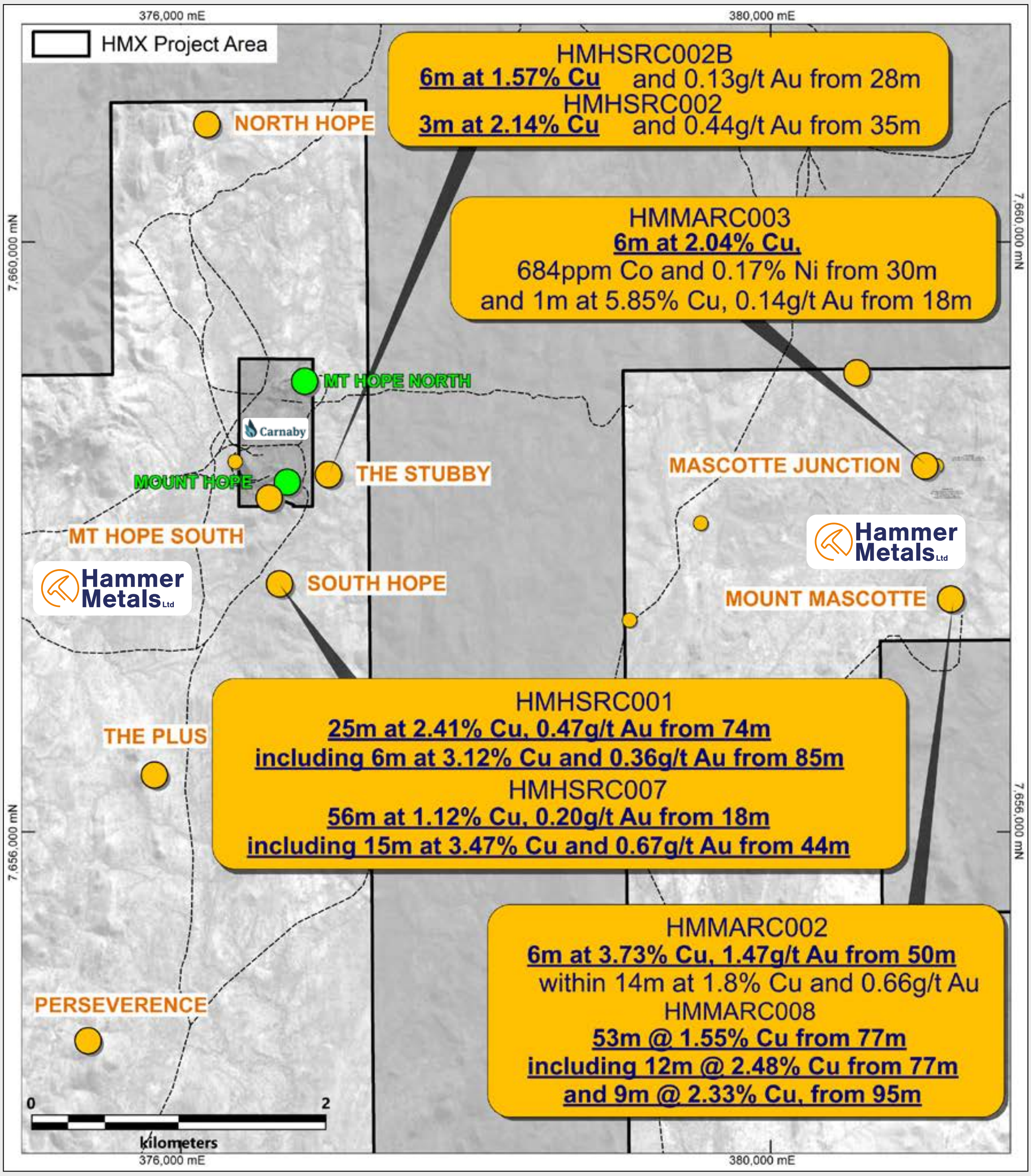


Ajax drilling highlights and underlying Electromagnetic Anomalies (See ASX Announcement 7 March 2023)

Mount Hope Region

Hammer's activities in the Mount Hope region increased during the year with promising prospects developing at South Hope, Mount Mascotte and their surrounds.

Several promising drill intersections were delivered from each of these prospects highlighting the immense potential in a region where Hammer holds a very strong ground position including around the entirety of Carnaby Resources Mount Hope Mining License.



Hammer's Mount Hope and Mascotte tenements and current drilling targets
(See ASX Announcements: 22 November 2022, 19 December 2022, 23 December 2022, 4 and 27 July 2023)

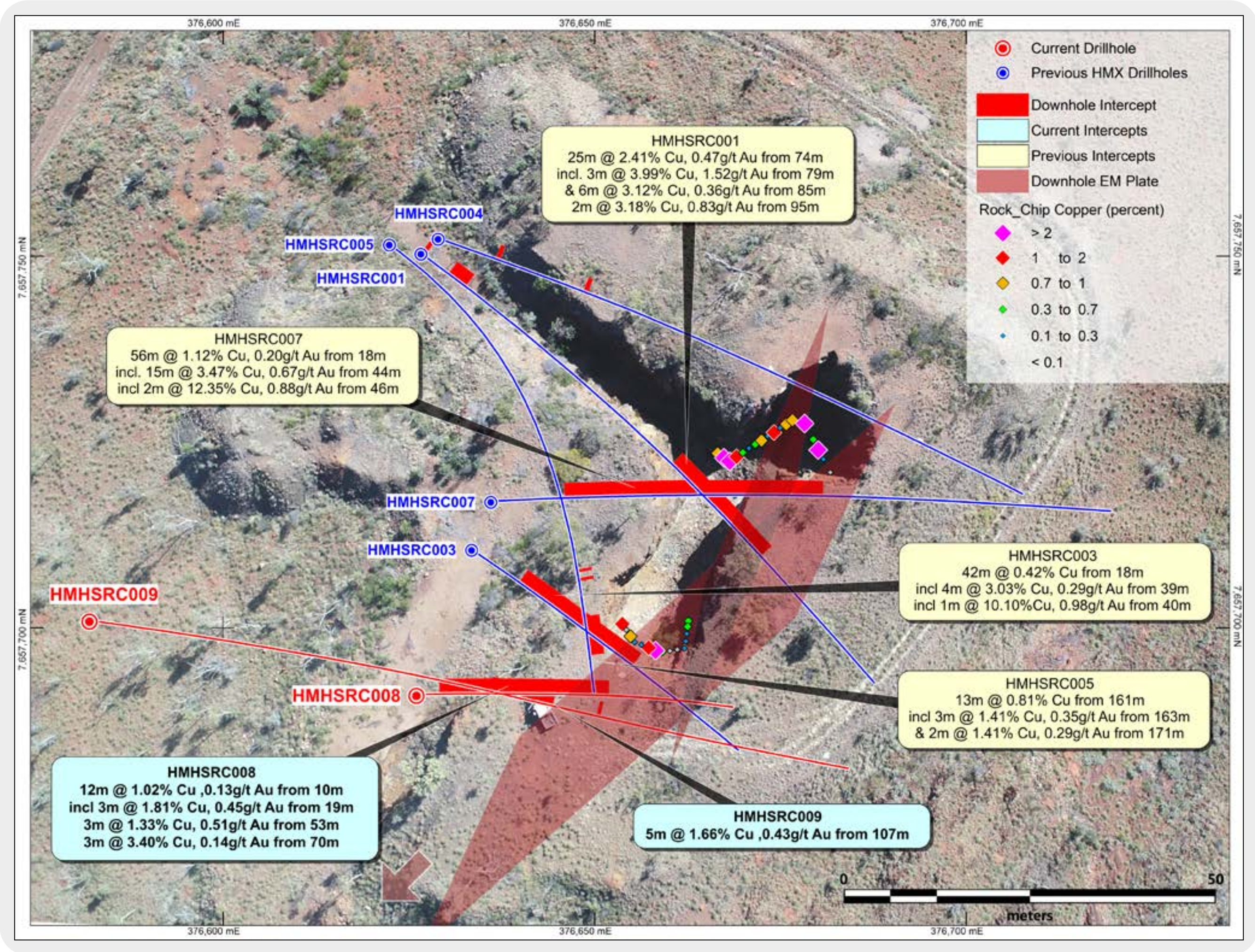
▲ South Hope

South Hope consists of a steeply west-dipping and south-plunging quartz breccia pipe with chalcopyrite as the main copper-bearing sulphide.

Initial drilling at South Hope delivered highly promising results including (see ASX Announcements 4 and 27 July 2023):

- 25m at 2.41% Cu and 0.47g/t Au from 74m in HMHSRC001, including 6m at 3.12% Cu and 0.36g/t Au from 85m.
- 4m at 3.03% Cu and 0.29g/t Au from 39m in HMSHRC003, including 1m at 10.1% Cu and 0.98g/t Au from 40m.
- Follow up drilling was equally successful delivering further high grade copper intersections including (See ASX Announcement 3 and 27 July 2023); and
- 15m at 3.47% Cu within a broader mineralised zone of 56m at 1.12% Cu in HMHSRC007.

Further follow up drilling in progress at the time of preparation of this report with results expected to be returned in the near future.



Plan view of drill-holes, with modelled DHEM plates
(See also ASX announcements 20 July 2022, 25 October 2022, 22 November 2022, 4 and 27 July 2023)

Operations Summary

▲ Mount Hope South to South Hope

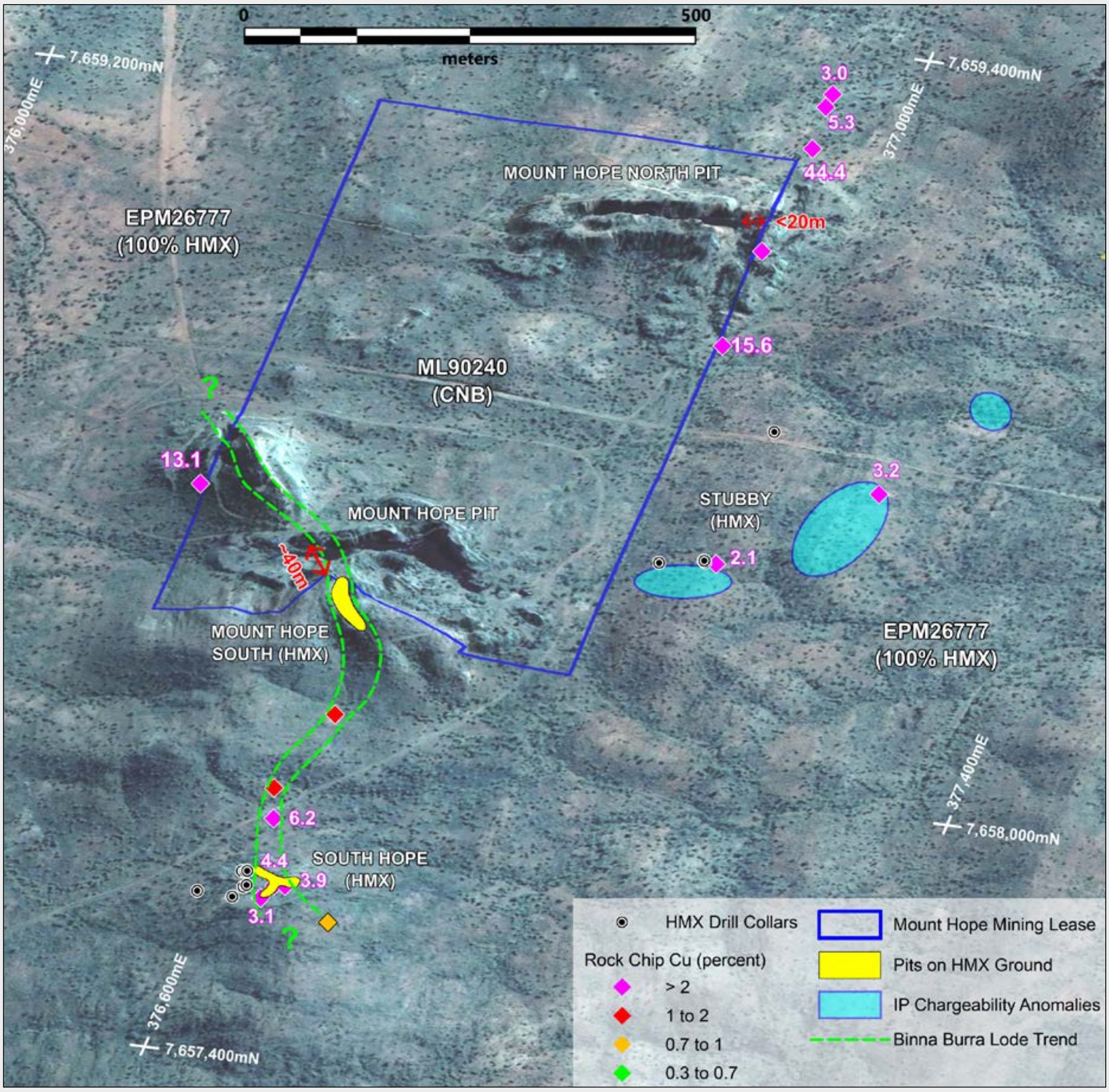
To the north of South Hope, Hammer has defined a mineralised trend which appears to intersect with the Binna Burra structure, currently being drilled by Carnaby Resources (ASX: CNB).

The Binna Burra structure is thought to continue onto Hammer's EPM and is the likely source of the mineralisation which was previously mined at the Mount Hope South prospect.

Prospecting between the Mount Hope South and South Hope prospects has shown zones of quartz and ironstones with high-grade copper/gold rock chip analyses (see ASX Announcement 20 July 2022).

The potential for these zones to link is still being evaluated with an Induced Polarisation survey conducted in late September.

Hammer is yet to test this prospective zone adjacent to the tenement boundary as the Company continues to gather valuable geological information from our neighbour's drilling programs. Any future mining of this zone, if mineralisation is defined, may need to occur in conjunction with our neighbours as the mining pits would be likely to impinge on the neighbouring Mining Lease.



Mount Hope Plan -Historical workings and IP Anomalies
(See ASX Announcements 22 November 2022 and 4 July 2023)

▲ Mount Mascotte and Mascotte Junction

The Mascotte group consists of two prospects separated by approximately 900m, both of which are located approximately 4.5km to the east of the Mount Hope project area.

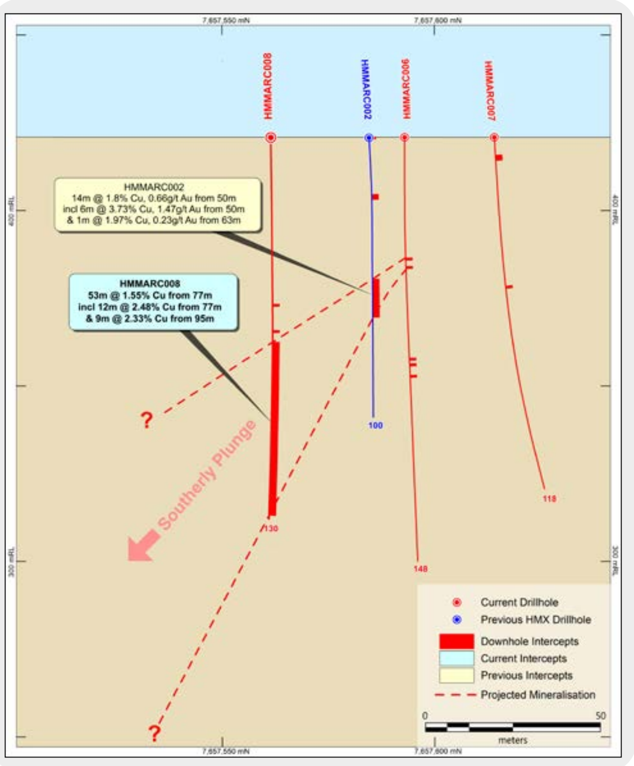
Mt Mascotte, which represents the more southerly of the two targets, consists of a north striking, vertically dipping gossan zone which was historically mined by a small open cut and two shafts (now collapsed) in the early 1900's.

Drilling at the Mascotte prospects occurred across two programs during the year with the second program designed to follow-up results from an earlier drilling program which delivered significant intercepts including (See ASX announcement 19 December 2022):

- 6m at 3.73% Cu and 1.47g/t Au (from 50m) and 1m at 1.97% Cu and 0.23g/t Au (from 63m) in HMMARC002; and
- 6m at 2.04% Cu, 0.14g/t Au, 0.07% Co and 0.17% Ni (from 30m) in HMMARC003 and 1m at 5.85% Cu and 0.14g./t Au (from 18m).

Follow-up drilling at Mount Mascotte recorded a broad zone of mineralisation at the southern end of the historic workings with results from HMMARC008 including (See ASX Announcement 27 July 2023):

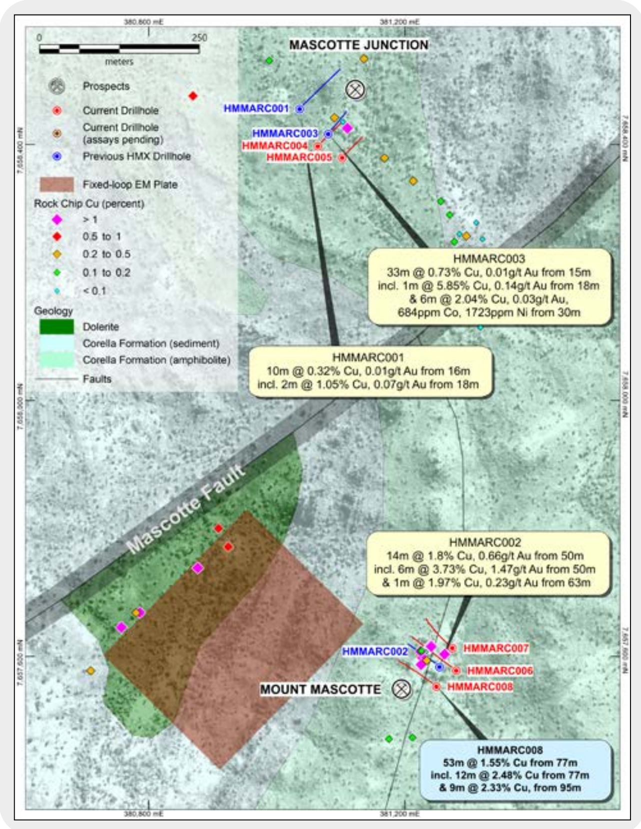
- 53m at 1.55% Cu and 0.52g/t Au from 77m including:
  - o 12m at 2.48% Cu and 0.71g/t Au from 77m; and
  - o 9m at 2.33%Cu and 0.68g/t Au from 95m.



Mt Mascotte Long Section – Potentially representing a plunging mineral system

The zone of copper mineralisation intercepted in HMMARC008 is thought to potentially represent a southerly plunging zone of mineralisation, and at this time the true width of the intercept is unable to be estimated. It is also noteworthy that the drill hole was terminated in mineralisation.

In follow up work, a fixed loop EM survey was designed at Mascotte which outlined a strong EM anomaly coincident with a gossanous zone at Mascotte West. A further follow up drilling program at Mount Mascotte and Mascotte West was in progress at the time of this report.



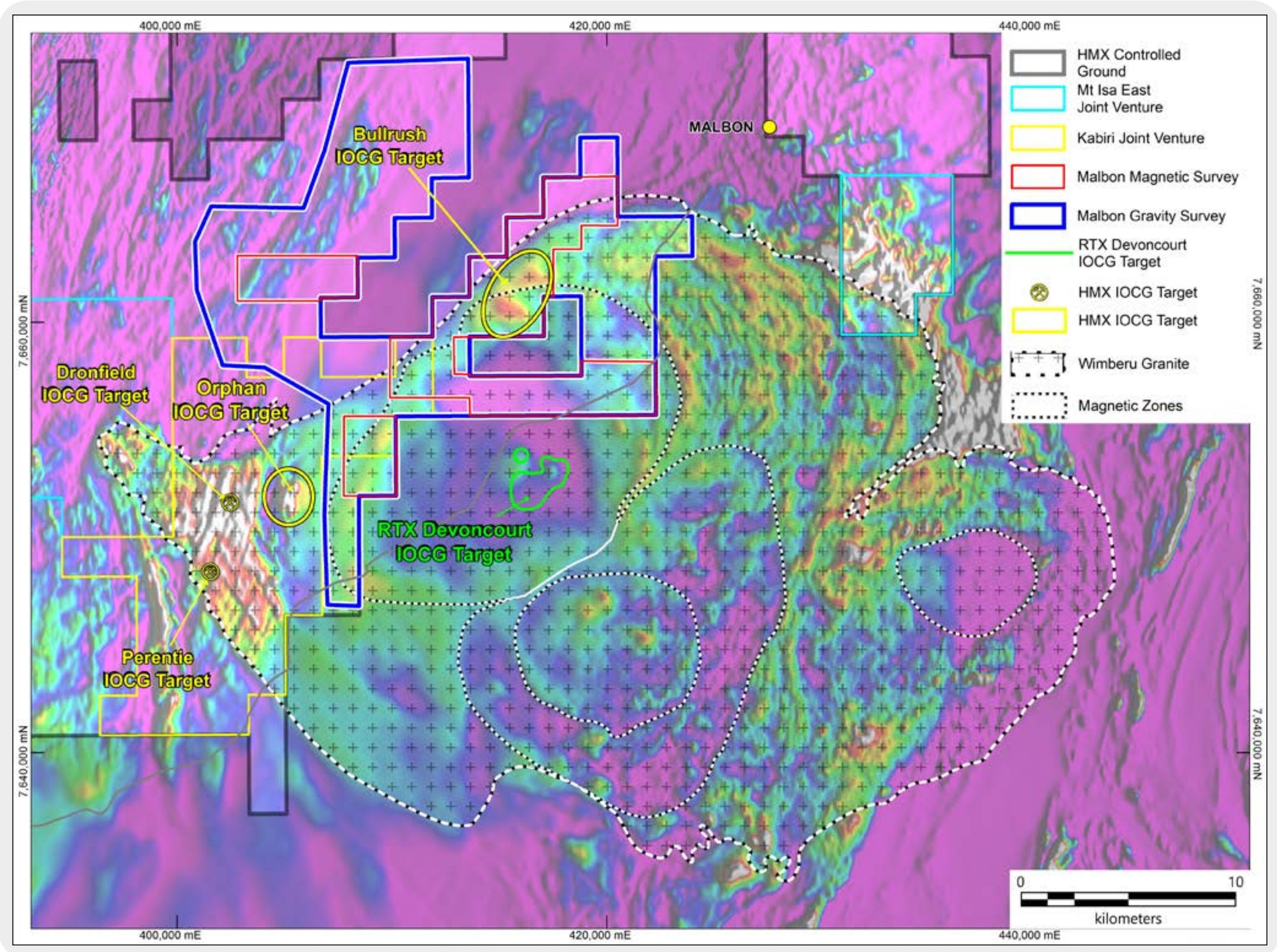
Mt Mascotte and Mascotte Junction showing drilling in addition to the west-dipping Fixed Loop EM plate to the west of Mt Mascotte
(See ASX Announcement 27 July 2023)

Georgina - Bullrush

Hammer completed airborne magnetics and ground-based gravity surveys to better delineate blind IOCG targets beneath the Cambrian Georgina Basin cover.

Recent work by Rio Tinto Exploration over the multi-phase Wimberu granite met with success at the Devoncourt Project, where Rio has discovered a blind IOCG system hosted by a late-stage intrusive breccia body within the Wimberu Intrusive complex. (ASX announcement 19 September 2022).

Further refinement of gravity and magnetic models is being completed for the Bullrush area. Basement depth modelling has been completed ascertaining the depth of cover and likely best drilling method to test the identified targets with a view to potential drill testing in the coming months. Hammer has also identified the Bullrush prospect as a highly attractive target for possible Joint Venture.



Bullrush IOCG Target with Magnetics

New Tenure

▲ Mount Dorothy and Cobalt Ridge

During the final quarter of the year, Hammer agreed to acquire 80% of the exploration tenure holding the Mount Dorothy and Cobalt Ridge prospects from Element Minerals.

The interests were acquired in exchange for a 1% Net Smelter Royalty (NSR) on each of the Mount Dorothy and Cobalt Ridge properties. These prospects were initially sold by Hammer to Global Energy Metals Corporation (GEMC) in 2019 as part of Hammer's divestment of the Millenium Cobalt Project. In light of Hammer's recent exploration success in making a significant copper-rare earth discovery at the nearby Hardway prospect, and the exploration results from Mount Dorothy by China Yunnan Copper Australia Ltd in 2011 that suggest similarities in the mineralogy of the Hardway and Mount Dorothy mineral systems, the Company is pleased to have re-acquired the prospects.

With the renewed focus on critical minerals in Queensland, Hammer continues to build its geological knowledge of the rare earth systems in the region, in particular the unique nature of the dominant heavy rare earth minerals contained in both the Hardway and Mount Dorothy systems.

Historical drilling at the Mount Dorothy prospect returned the following intersections (See ASX Announcement 14 July 2023):

- 36m at 1.54% Cu from 50m in MDD006 including:
  - 9m at 5.48% Cu from 55m.
- 35m at 1.52% Cu from 17m in MDR002; including:
  - 5m at 2.81% Cu and 744ppm Co from 19m.
- 16m at 1,864ppm total TREYO from 71m in MDD005

The rare earth intercepts at Mount Dorothy showed a high proportion (~75%) of HREEY expressed as a percentage of Total Rare Earth Yttrium elements.

▲ EPM28285 "The Plus" tenement application

Hammer Metals was successful in applying for "The Plus" tenement with sub blocks adjoining Hammer's Mount Hope tenements.

Mount Isa East Joint Venture

(Sumitomo Metal Mining earning 60% Interest)

The Joint Venture area covers sections of the Even Steven, Mount Philp, Dronfield West and Malbon target areas covering approximately 290km^2 of Hammer's 3,000km^2 Mount Isa Project.

The areas are considered highly prospective for the discovery of Iron Oxide Copper Gold deposits ("IOCG"). The Joint Venture exploration activities heavily focussed on the Trafalgar to Pearl copper and gold trends.The MIE JV has entered the final year of the 4-year earn-in phase, concluding March 31, 2024.

During the year, the Joint Venture completed ~3km of RC drilling at Trafalgar and Pearl with a 411m diamond drill hole complete at the Mt Philp prospect (part funded through a CEI grant from the Queensland Department of Resources).

Ongoing geophysical and geochemical programs within the MIE JV are continuing, with soil surveys being completed at Malbon and gravity surveys at Secret, Shakespeare, Dronfield and Malbon underway.

A VTEM survey was completed in August 2023, targeting the project areas at Malbon and Dronfield following up on previously identified geochemical anomalies. Results from this survey are undergoing analysis with a view to identifying suitable drilling targets in the coming months.

Induced Polarisation (IP) Surveys for copper-gold targets at Shadow South and Mount Philp have been scheduled, in addition to IP survey lines being recently completed at the Jimmy Creek, Even Steven and Secret/Shakespeare target zones.

A collaborative research program has been completed with the CSIRO to examine select areas within the Joint Venture. This study compared alteration and mineralisation styles within the Joint Venture area to other IOCG deposits within the Isa region and in the Gawler Craton in South Australia. Several priority areas identified for potential large-scale IOCG targets were identified, namely; south of Shadow, Jimmy Creek and Even Steven. Further geochemical and geophysical programs have been instigated to further define potential targets at these zones.

A drilling program is being scheduled for late 2023/early 2024 with targets to be further refined during the current geophysical and geochemical programs.

▲ Trafalgar

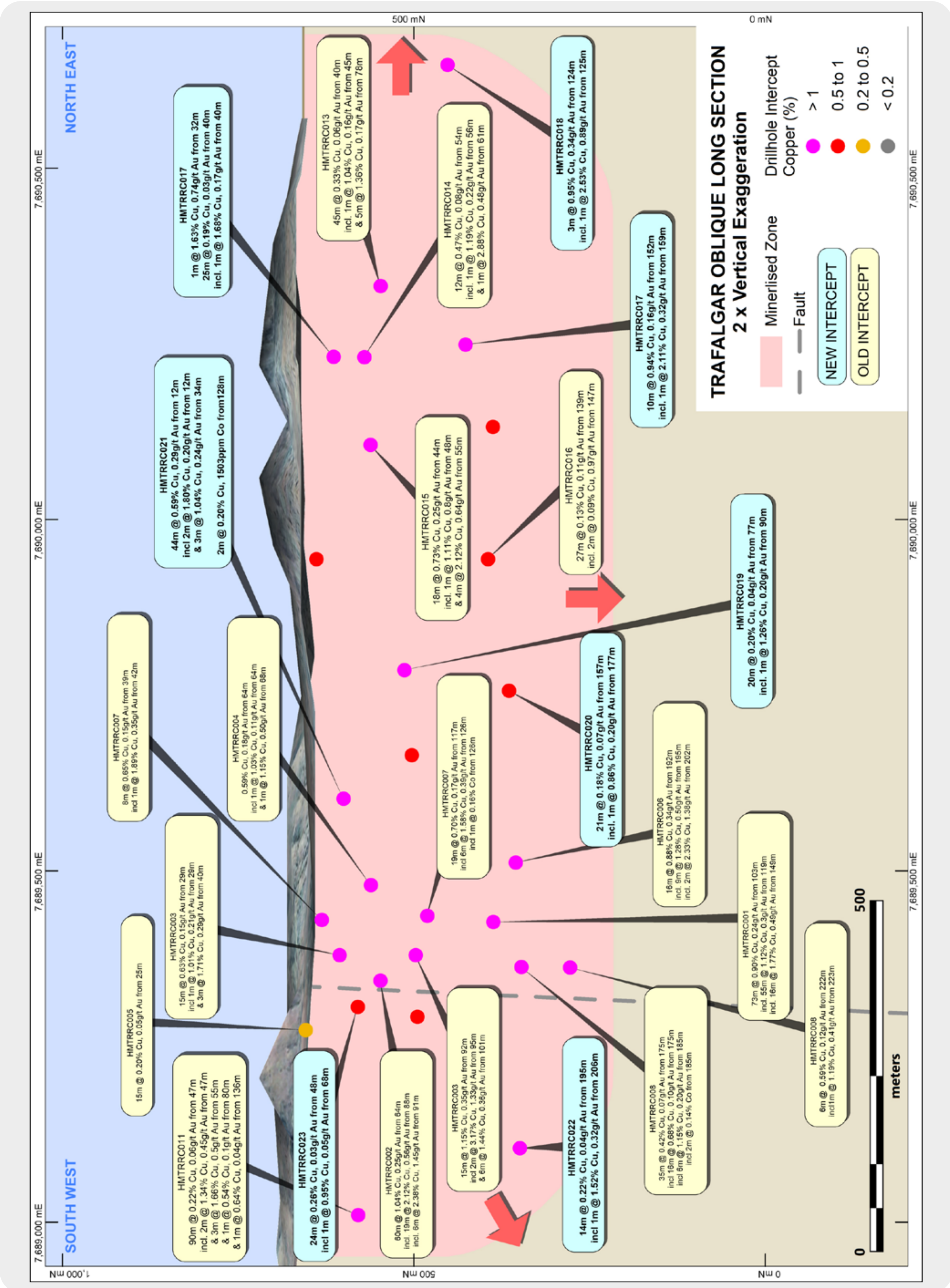
Seven holes (for 1,703m) were drilled along the Trafalgar trend at The Springs (two holes), Trafalgar (four holes) and Victory prospects (one hole).

The drilling was primarily designed to test Induced Polarisation chargeability zones defined in 2022.

Drilling at The Springs remains wide-spaced with several potential targets to be tested between the zones of mineralisation intersected in this drilling and previous drilling programs. Significant intercepts from the two holes at The Springs include:

- A mineralised system envelope of 25m at 0.19% Cu from 40m with a second envelope of 10m at 0.94% Cu and 0.16g/t Au from 152m in HMTRRC017 (See ASX Announcement 12 December 2022).

Drilling has now identified several broad zones of copper mineralisation along this extensive mineralised trend. A structural review of the Trafalgar to Pearl trend was completed late in the financial year with an emphasis on developing new prospective targets within the northern portion of the Joint Venture ground.



Plan view of drill-holes, with modelled DHEM plates

(See also ASX announcements 20 July 2022, 25 October 2022, 22 November 2022, 4 and 27 July 2023)

▲ Pearl

The Pearl prospect is located on the Trafalgar-to-Jubilee trend, approximately 2km south of Ajax East and on the same magnetic ridge which characterises this trend.

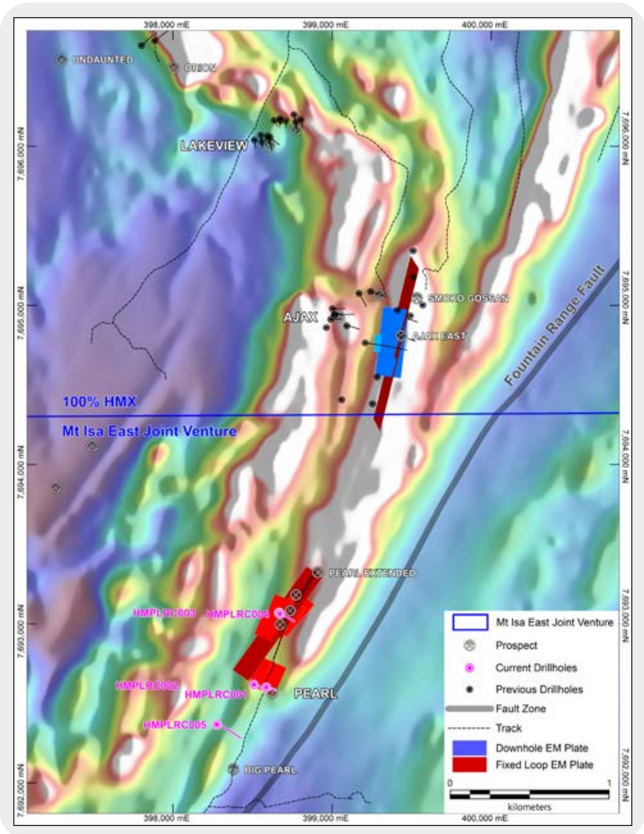
Numerous artisanal copper workings and shafts on five structures are located along 800m of strike length. In common with Ajax East, the mineralisation at Pearl contains geochemically significant levels of copper, nickel and cobalt associated with zones of massive and semi-massive sulphides, predominantly pyrrhotite.

Five holes (for 990m) were drilled into the Pearl Fixed Loop Electromagnetic (FLEM) anomaly. These holes targeted both surface workings and different aspects of the FLEM response. Broad copper mineralisation intersected in most holes over a strike length of some 700m, with the program targeting a cluster of fixed-loop EM plates and Induced Polarisation ("IP") anomalies along the Trafalgar-to-Jubilee Trend. The holes were spaced at wide intervals with significant potential remaining between the completed drilling.

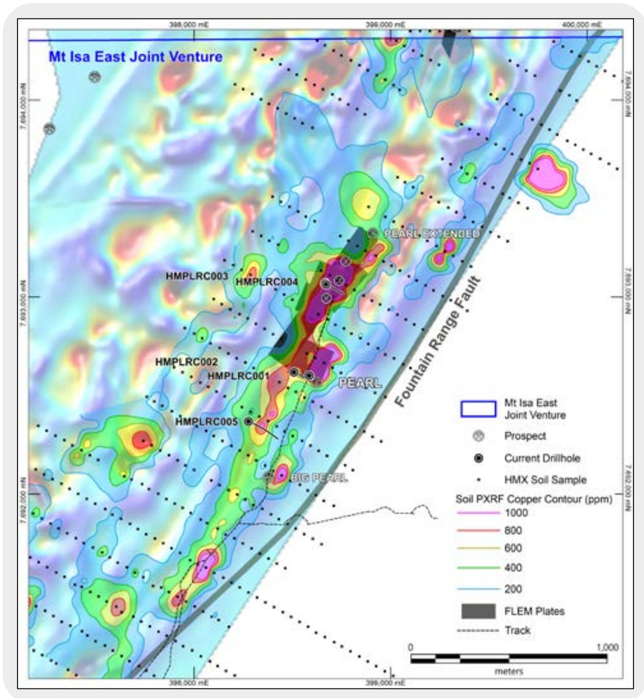
Significant intercepts include:

- 68m at 0.29% Cu and 0.06g/t Au from 31m in HMPLRC001; and
- 96m at 0.2% Cu and 0.03g/t from 156m in HMPLRC002 with 22m at 0.22% Cu from surface including 2m at 1.28% Cu and 0.6g/t Au from 19m.

Additionally, Pearl has a wide low-grade mineralised envelope with a wide zone of over 120m grading above 0.2% Cu intersected in HMPLRC004 (249m total depth) (see ASX Announcement 12 December 2022).



Plan view showing the location of the Pearl (within the Mt Isa East Joint Venture Area) relative to the Ajax Prospect
(See ASX Announcement 29 June 2022)



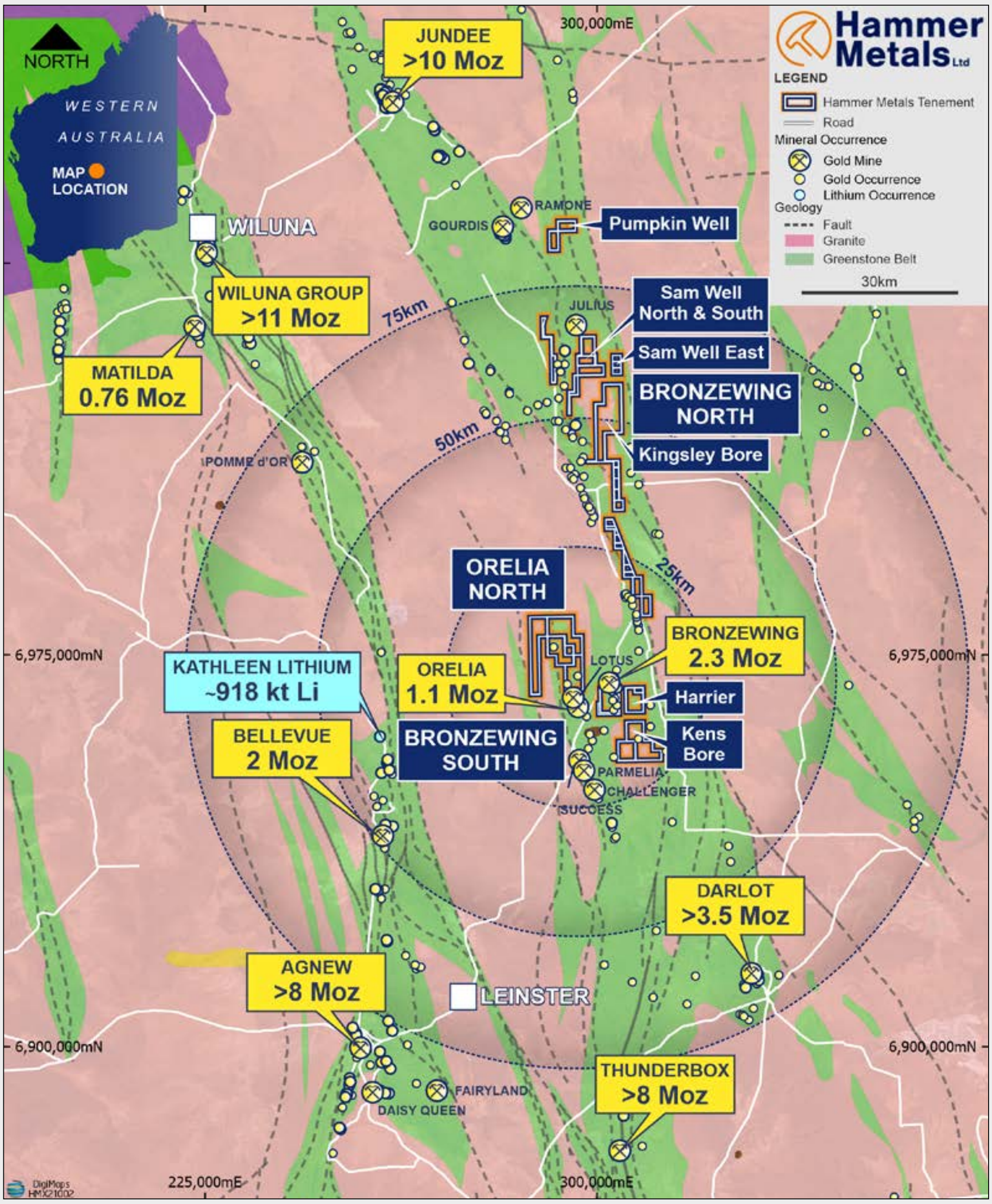
Plan view showing the location of the Pearl prospect with portable XRF copper in soil contours and combined EM plates. The base image is the magnetic first vertical derivative (RTP)
(See ASX announcement 5 September 2022)

Yandal Projects (WA)

Hammer holds a 100% interest in approximately 290km² of tenements, located within the Yandal greenstone belt in Western Australia.

The Company acquired these projects in 2019 and has focussed on exploring and expanding its footprint in this prime gold exploration region, located close to existing infrastructure. The Company remains keen to increase its exploration footprint in this prospective region.

An extensive soil geochemical program during 2022 focused on tenements in the Bronzewing North and Ken's Bore areas. A total of 3,547 samples were taken with a mixture of -2mm soils and minus 80 mesh samples being submitted to the laboratory for a combination of total and partial leach geochemical analysis. Several prospective gold, nickel and lithium targets were generated which will be subject to potential first pass air core drilling in the coming year.



Overview of Greater Yandal Project

▲ North Orelia: Gold/Lithium

The North Orelia tenements are situated to the North of the McClure group of deposits which include the Orelia and Lotus gold deposits and approximately 40km east of the globally significant Kathleen Valley lithium deposit.

Target 1 at North Orelia has predominantly been a gold target for Hammer with a mineralised trend being observed over 2km in length (see ASX announcement 6 December 2022).

Work conducted during the year confirmed the lithium potential of this tenure. Initial anomalous soils samples highlighted the potential of this area and as a result, Hammer's geologists undertook a surface rock chip sampling program campaign across the Target 1 pegmatite occurrences. Sampling was conducted on the western side of the Orelia Target 1 gold prospect close to the eastern margin of the Kathleen Valley Granite intrusion. Reconnaissance and preliminary sampling showed the presence of multiple pegmatites oriented perpendicular (east-west) to the margin of the granitic intrusion (north-south).

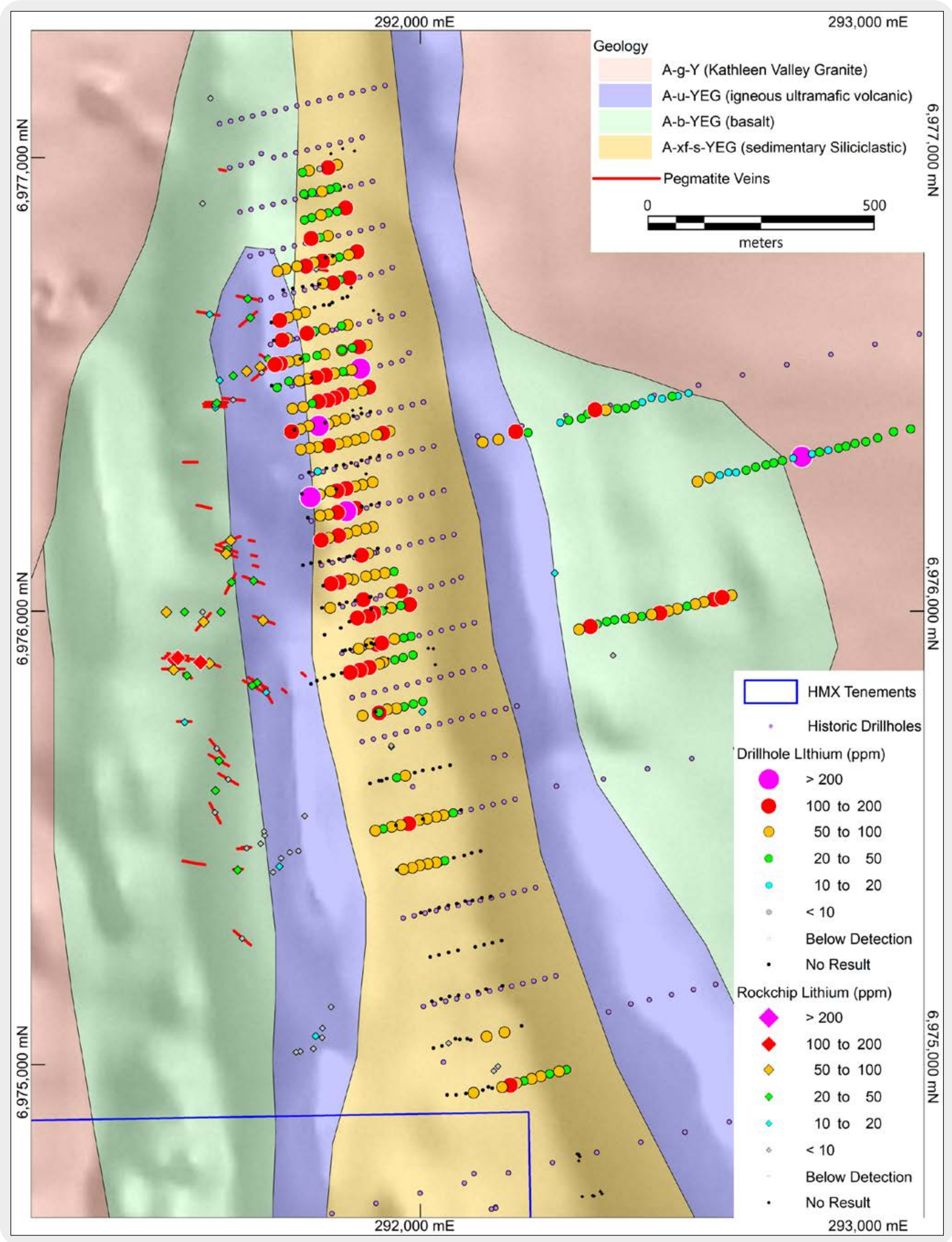
Preliminary portable XRF analyses of the Kathleen Valley Granite in the Orelia region were undertaken which determined that the large intrusive complexes have the capacity to produce late Lithium-Caesium-Tantalum (LCT) pegmatites.

Of note is that bottom of air-core hole multi-element analyses conducted over the Target 1 gold prospect also show zones of geochemically anomalous lithium response in the range of 100ppm to 300ppm.

This is interpreted to represent a primary geochemical dispersion related to the presence of pegmatites. It should be noted that any potential pegmatites are unlikely to have been tested in Hammer's gold drilling at Target 1 due to the pegmatite swarms being parallel with historical drilling traverses. Also of note is that the only samples submitted for multi-elemental analysis in Hammer's historical drilling at Target 1 was the last metre of each air core drill hole

The Company has recently submitted bottom-of-hole geochemical samples from Target 1 at North Orelia which have assayed in excess of 200ppm lithium. These samples have been submitted for petrological analysis to aid in the identification of the lithium dominant mineral species.

An air core program has been designed to further investigate the Lithium potential of this trend and is expected to be completed during the coming months. Consideration of additional drilling to further define a prospective gold JORC compliant resource at Target 1 will also be considered in a future air core program.



Orelia Target 1 showing the anomalous bottom of hole Lithium responses, mapped pegmatites and rock chip sample locations (See ASX announcement 6 December 2022)

▲ Tapenade

On the eastern margin of the Orelia Greenstone Belt, close to the margin of the Kathleen Valley Granite, an outcropping zone of lithium enrichment has been delineated over a 200m strike length.

This newly discovered zone is called Tapenade. Elevated lithium rock chip responses up to 0.65% Li_2O are present. These responses are accompanied by elevated Rubidium, Caesium, Tantalum and to a lesser extent several other rare earth elements (see ASX Announcement 6 December 2022).

Preliminary sampling of quartz vein zones to the north-east of Tapenade identified an area of stacked quartz veins which have thin zones of silica with a banded haematitic texture.

The hematite is interpreted as a weathered sulphatic precursor. Samples taken from this zone were elevated in Au, Ag and Bi with individual maximum values of 0.35g/t Au, 341g/t (11oz/t) Ag and 0.38% Bi respectively. Little is known of this zone, and further rock chip sampling and geological mapping are required to determine the distribution of these banded zones and their significance (see ASX announcement 6 December 2022).

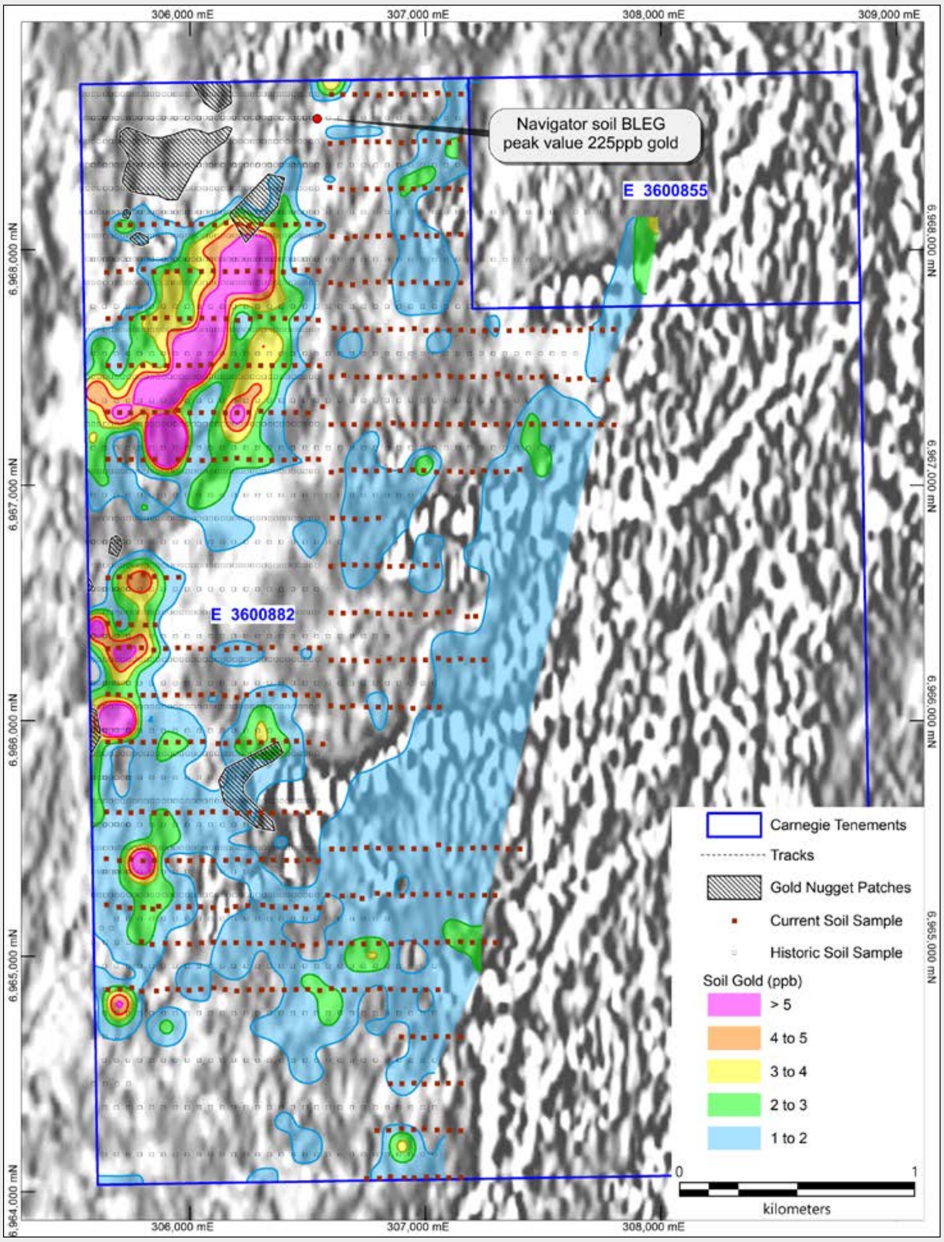
Micaceous Pegmatite rock chip sample MW2211_15 from the western margin of Orelia Target 1. Exhibited geochemical responses of LCT pegmatites. Assayed 2.7ppm Bi; 59ppm Li; 14ppm Be; 31ppm Cs; 61ppm Nb; 1055ppm Rb and 30 ppm Ta (See ASX Announcement 6 December 2022)

▲ Harrier and Bower

The Harrier and Bower project areas are located 1km to the east of Hammer's Bronzewing South tenement and within 3km of the former Bronzewing Gold mine within the folded continuation of the Bronzewing Mine stratigraphy.

Considering the tenements proximity to the former mine, it remains lightly explored. Hammer's soil sampling program has confirmed multiple zones of gold anomalism including a 1.2km long anomalous zone (referred to as the Bower Prospect) with a peak gold-in-soil response of 11ppb Au, which is approximately five times the program background response.

Two lesser priority anomalies have been identified to the south of the tenement, both of which have not been drilled. The soil response also indicates the presence of a thin ultramafic unit traversing through the sampling grid. All these anomalies require follow-up and consideration will be given for a future air-core program to conduct a more thorough drill test of the large gold anomaly.



Harrier prospect soil gold response

Competent Person's Statements

▲ Exploration Results

The information in this report as it relates to exploration results and geology was compiled by Mr. Mark Whittle, who is a fellow of the AusIMM and an employee of Hammer Metals Limited. Mr. Mark Whittle, who is also a share and option holder in the Company, has sufficient experience which is relevant to the styles of mineralisation and deposit types under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Reserves. Mr. Whittle consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

▲ Mineral Resource Estimates

Where the company refers to Mineral Resource Estimates, it confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the resource estimates continue to apply and have not materially changed.

▲ Annual Mineral Resource Statement

(As of 30 June 2023)

The Company's Mineral Resource Statement has been compiled in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 and 2004 Editions) and Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31. The Company has no Ore Reserve estimates.

The Company governs its activities in accordance with industry best-practice. The reported estimates for Overlander and Kalman were generated by reputable, independent consulting firms. The resource reports and supporting data were subjected to internal analysis and peer-review before release.

In 2016, Hammer Metals Limited commissioned Haren Consulting Pty Ltd to update the Kalman Resource based on new drilling and geological interpretation. The resource was issued on the 27th of September 2016.

After the completion of additional drilling 2021/2022, Hammer commissioned Haren Consulting Pty Ltd to update the Kalman Resource based on new drilling and geological interpretation. The resource was issued on the 8th of May 2023.

In November 2018, H&S consultants Pty Ltd was commissioned to undertake a resource estimate on the Jubilee Cu-Au Deposit. The resource was issued on 12 December 2018.

The estimate is based on good quality RC and Diamond drilling data. The estimate was based on a 42 reverse circulation holes for 5475m and 3 diamond holes for 261m. Of these holes 26 were drilled by Hammer Metals Ltd and the remaining 19 drilled by the previous operator. Drilling extends to a maximum depth of 325m below surface. The drill hole spacing is approximately 50m along strike.

There has been no material change to the Jubilee Resource estimate since its initial release to the ASX dated 20 December 2018.

Cerro Resources Limited, the previous tenure holder over the Mt. Philp Hematite Deposit reported the Resource Estimate to the ASX on the 12 March 2012. The Mt Philp Resource Estimate adhered to the JORC Code 2004 edition.

In December 2022, Geowiz consulting was commissioned by Hammer Metals Limited to undertake the Mineral Resource Estimate (MRE) for the Lakeview copper-gold deposit. The MRE has been estimated in accordance with the 2012 edition of the JORC Code.

In relation to the Overlander, West Pilbara, Mt Philp and Jubilee Resources, there have been no material changes to the Resource Estimates during the reporting period.

Resource Project	Mineral Resource Competent Person	Organization	ASX Reporting Date
Jubilee	Mr. L. Burlet	H&S Consultants Pty Ltd	12 December 2018
Kalman	Ms. E. Haren	Haren Consulting	23 May 2023
Lakeview	Mr. R. Corben	Geowiz Consulting	21 December 2022
Overlander	Ms. E. Haren	Haren Consulting	26 August 2015
Mt. Philp	Mr. T. Leahey	Cerro Resource NL	28 September 2012
West Pilbara	Mr. C. Allen	CSA Global Pty Ltd	26 July 2010

▲ Jubilee Deposit JORC 2012 Mineral Resource Estimate (12 December, 2018)

(Reported at 0.5% Cu cut-off)

Classification	Weathering Domain	Tonnes	Cu %	Au (Cut) g/t	Cu Tonnes	Au (Cut) Ounces
Inferred	Mod-Slightly Weathered	0.07	1.51	0.55	1,000	1,200
Inferred	Fresh	1.34	1.41	0.63	19,000	27,100
Total		**1.41**	**1.41**	**0.62**	**20,000**	**28,300**

→ *Note: (1) Numbers rounded to two significant figures to reflect appropriate levels of confidence*

→ *Note: (2) Totals may differ due to rounding*

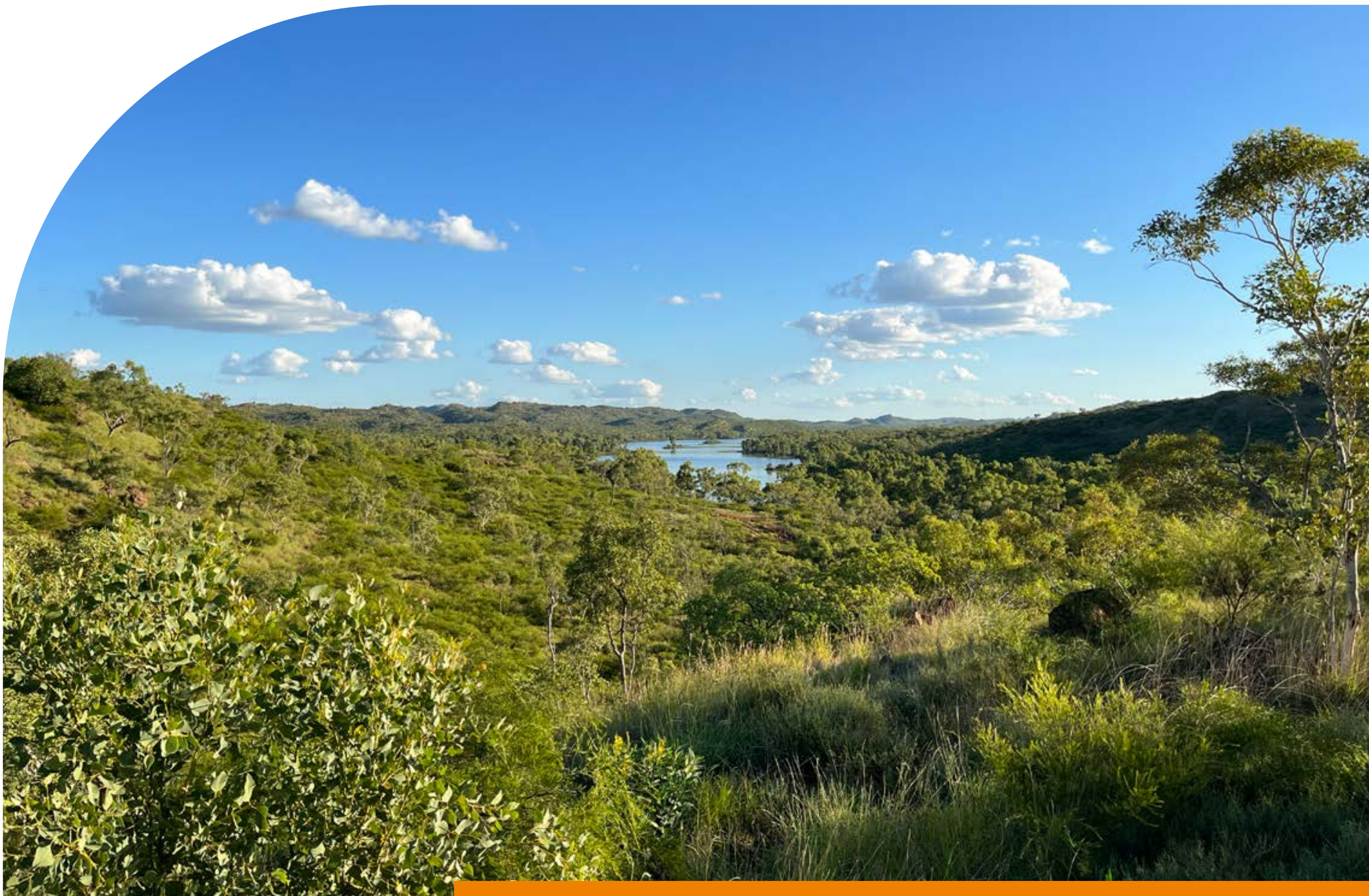
The 51%-owned Jubilee Deposit is situated 50 kilometres west of Mount Isa in Northwest Queensland.

In November 2018, H&S Consultants Pty ltd was commissioned to undertake a resource estimate on the Jubilee Cu-Au Deposit. The resource was issued on 12 December 2018.

The estimate is based on good quality RC and Diamond drilling data. The estimate was based on a 42 reverse circulation holes for 5475m and 3 diamond holes for 261m. Of these holes 26 were drilled by Hammer Metals Ltd and the remaining 19 drilled by the previous operator. Drilling extends to a maximum depth of 325m below surface. The drill hole spacing is approximately 50m along strike.

There has been no material change to the Jubilee Resource estimate since its initial release to the ASX dated 20 December 2018.

Refer to the ASX release dated 20 December 2018. The company is not aware of any new information or data that materially affects the information in the HMX ASX announcement. All material assumptions and technical parameters underpinning the mineral resource estimate continue to apply and have not materially changed.



▲ Kalman Deposit JORC 2012 Mineral Resource Estimate (23 May, 2023)

(Reported at a 0.4% CuEq and 1% CuEq cut-off for open pittable and underground resources respectively)

Classification	Mining Method	CuEq Cut-off	Tonnes Kt[1]	CuEq Cont. % [3]	CuEq Rec. %[2,3,4]	Cu %	Au g/t	Ag g/t	Mo %	Re g/t	Contained Cu Eq Metal (Kt) [1]	Recovered Cu Eq Metal (Kt)[1]
Indicated	Open Pit	0.4%	17,120	1.04	0.87	0.43	0.22	1.2	0.08	1.7	180	150
Inferred	Open Pit	0.4%	10,540	1.11	0.93	0.40	0.21	1.3	0.10	2.2	120	100
Inferred	Underground	1.0%	11,530	1.78	1.48	0.80	0.41	2.2	0.12	2.7	200	170
Total			**39,190**	**1.27**	**1.07**	**0.53**	**0.27**	**1.5**	**0.10**	**2.1**	**500**	**420**

- *Note: (1) The recovered copper equivalent equation is: CuEq Recovered = 0.86*Cu + (0.74*0.771051*Au) + (0.74*0.008336*Ag) + (0.86*4.857143*Mo) + (0.77*0.023334*Re)*
- *Note: (2) Copper Equivalent Price assumptions are: Cu: US$7,714/t (US$3.50/lb); Au: US$1,850/oz; Ag: US$20/oz; Mo: US$37,468/t (or US$17/lb); and Re: US$1,800/kg*
- *Note: (3) Recovery assumptions are: Cu 86%; Au 74%; Ag 74%; Mo 86%; and Re 77%.*
- *Note: (4) Transition from Open to Underground Mining based on prior optimisation studies set at 75mRL. Surface RL is approximately 425mRL.*

The Kalman Molybdenum-Rhenium-Copper-Gold-Silver (Mo-Re-Cu-Au-Ag) deposit is situated 60 kilometres southeast of Mt Isa within the Mt Isa Inlier, and forms part of the company's Kalman Project.

Drilling extends to a maximum down hole depth of 998.3 metres and the mineralisation was modelled from surface to a depth of approximately 800 metres below surface. The estimate is based on good quality RC and diamond core drilling data. The drill hole spacing is approximately 100 metres along strike with some 50 metre-spaced infill drilling.

In May 2023, Haren Consulting was contracted by Hammer Metals Limited to complete an update of the Mineral Resource estimate for the deposit. The estimate was reported to comply with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' by the Joint Ore Reserves Committee (JORC).

The Kalman Mineral Resource has been reported at two cut-off grades to reflect both open pit and underground mining scenarios. The Kalman Mineral Resource estimate comprises a combined **39 million tonnes at 1.1% recovered copper equivalent (CuEq)** at 0.53% copper, 0.27 g/t gold, 0.10% molybdenum and 2.1 g/t rhenium in the Indicated and Inferred categories at revised cut-off grades. (Refer to the ASX release dated 23 May 2023).

The Kalman Mineral Resource Estimate disclosed as part of the 2016 review was last updated in March 2016 in accordance with the JORC Code (2012 Edition). The Resource estimate comprised a combined 20 million tonnes at 1.8% copper equivalent (CuEq) at 0.53% Cu, 0.27g/t Au, 0.14% Mo and 3.7 g/t Re in the Inferred category. (Refer to the ASX Release dated 27 September 2016 for full details of the Resource Estimate).

The reasons for the MRE update were:

- *17 holes (K140-K156) drilled by Hammer in 2021/22 were incorporated into the resource model. The drill holes intersected multiple, relatively shallow high-grade molybdenum and copper intersections which were considered to have the potential to enhance the existing mineral resource model.*
- *The deposit was re-interpreted to improve mineralisation constraints.*

The 2016 resource update differed from the 2014 update in that the resulting total resource tonnage was increased from 20,000kt to 39,120kt and average metal grades decreased, primarily due to the use of lower cut-off grades.

▲ Lakeview Deposit JORC 2012 Mineral Resources Estimate (21 December, 2022)

(Reported at 0.3% Cu cut-off)

LAKEVIEW MINERAL RESOURCE

Classification	Tonnes Mt	Cu %	Au g/t	Cu Tonnes	Au Ounces
Inferred	0.59	1.02	0.30	6,049	5,706

In December 2022, Geowiz consulting was commissioned by Hammer Metals Limited to undertake the Mineral Resource Estimate (MRE) for the Lakeview copper-gold deposit. The MRE has been estimated in accordance with the 2012 edition of the JORC Code.

The 100%-owned Lakeview Deposit is located approximately 60 kilometres east of Mt Isa in northwest Queensland. A total of 13 Reverse Circulation (RC) drillholes define the deposit for 1,380 m of drilling. The deposit was sampled by drilling at nominal 40 m spacing on 40m north-south oriented sections. Holes were generally angled at -60° towards the south with dip angles set to optimally intersect the mineralised horizons, which dip at approximately 65°-70° to the north.

Mineralised intersections for the two main lodes were manually coded in each drill hole using a nominal 0.3% Cu cut-off. The coded mineralised intersections were loaded into Leapfrog software and vein geological models were generated from the coded intervals for the three interpreted lodes. Domain wireframes were extracted from the Leapfrog model and exported into Surpac™ V6.6 software where they were used as a guide to generate final wireframes used to constrain the resource modelling.

A block model was set up with a parent cell size10m (E) x 4m (N) x 5m (RL) with standard sub-celling to 5m (E) x 2.0m (N) x 2.5m (RL) to maintain the resolution of the mineralised domains. The 4m Northing dimension was used to reflect the geometry and orientation of the domain wireframes. Samples composited to 1m length were used to interpolate Cu and Au into the block model using ordinary kriging interpolation method. All block modelling was completed using Surpac™ v6.6 software.

Density was assigned to the block model based on 18 density measurements taken inside the interpreted lodes.

A Lerchs-Grossman pit optimisation was run using a Cu price of AUD$5.30 per pound and Au price of AUD$2,500 per ounce. The block model was reported inside the pit shell to determine that blocks >0.3% Cu have reasonable prospects of future economic extraction by surface mining.

Although the RC drilling has defined 3 continuous mineralised lodes, exploration of the Lakeview deposit is in the early stages and more drilling is required to better define the extent of the deposit. Due to the limited amount of drilling, the MRE has been classified as Inferred only based on the guidelines specified in the JORC Code.

The deposit appears to be of sufficient grade, quantity, and coherence to have reasonable prospects for eventual economic extraction.

▲ Overlander North And South Deposits Jorc 2012 Mineral Resource Estimates (26 August, 2015)

(Reported at 0.7% Cu cut-off)

OVERLANDER NORTH MINERAL RESOURCE

Classification	Tonnes	Cu %	Co ppm	Cu Tonnes	Co Tonnes
Indicated	253,000	1.4	254	3,414	64
Inferred	870,000	1.3	456	11,350	396
Total	**1,123,000**	**1.3**	**410**	**14,764**	**461**

→ *Note: (1) Numbers rounded to two significant figures to reflect appropriate levels of confidence*

→ *Note: (2) Totals may differ due to rounding*

OVERLANDER SOUTH MINERAL RESOURCE

Classification	Tonnes	Cu %	Co ppm	Cu Tonnes	Co Tonnes
Indicated	-	-	-	-	-
Inferred	649,000	1.0	500	6,352	327
Total	**649,000**	**1.0**	**500**	**6,352**	**327**

→ *Note: (1) Numbers rounded to two significant figures to reflect appropriate levels of confidence*

→ *Note: (2) Totals may differ due to rounding*

OVERLANDER NORTH AND SOUTH COMBINED MINERAL RESOURCE

Classification	Tonnes	Cu %	Co ppm	Cu Tonnes	Co Tonnes
Indicated	253,000	1.4	254	3,414	64
Inferred	1,518,000	1.2	476	17,700	723
Total	**1,772,000**	**1.2**	**445**	**21,112**	**788**

→ *Note: (1) Numbers rounded to two significant figures to reflect appropriate levels of confidence*

→ *Note: (2) Totals may differ due to rounding*

The 100%-owned Overlander Project is situated 60 kilometres to the southeast of the mining centre of Mount Isa in Northwest Queensland and 6 kilometres to the west of Hammer's Kalman copper-gold-molybdenum-rhenium deposit. It is a high-priority target area for both shear-hosted copper and IOCG copper mineralisation. The Overlander North and South Copper Deposits are situated approximately one kilometre apart within a common shear zone.

Drilling in the Overlander North deposit extends to a vertical depth of approximately 430m and the mineralisation was modelled from surface to a depth of approximately 420 metres below surface. Drilling in the Overlander South deposit extends to a vertical depth of approximately 215 metres and the mineralisation was modelled from surface to a depth of approximately 180m below surface. The resource estimates are based on good quality RC and diamond drilling data. Drill hole spacing is predominantly on a 40 metre by 20 metre spacing with additional drill holes between sections targeted at the higher-grade cores of the deposits.

Following additional drilling in 2014 and 2015, the Mineral Resource Estimates for the Overlander North and South shear-hosted copper Deposits were revised by Haren Consulting Pty Ltd and reported in accordance with the guidelines of the JORC Code (2012 Edition). They contain combined resources of 1,772,000 tonnes at 1.2% copper in the indicated and inferred categories (Refer to the ASX release dated 26 August 2015). There has been no material change to the Overlander resource base during the financial year.

▲ Mt. Philp Deposit Jorc 2004 Mineral Resource Estimate (28 March, 2012)

Classification	Tonnes	Fe %	P %	SiO2 %	Al2O3 %	TiO2 %	LOI %
Indicated	19,110,000	41	0.02	38	1.3	0.38	0.29
Inferred	11,400,000	34	0.02	48	2.0	0.46	0.31
Total	**30,510,000**	**39**	**0.02**	**42**	**1.6**	0.41	0.30

→ *Note: (1) Numbers rounded to two significant figures to reflect appropriate levels of confidence*

→ *Note: (2) Totals may differ due to rounding*

The Mount Philp Iron Ore deposit is located in north-western Queensland, 1,500 kilometres northwest of Brisbane. The Mineral Resource Estimate is based on 48 diamond and reverse circulation (RC) drillholes completed in 2011 for a total of 3,801 metres. Drilling comprises fans located on a nominal 100 metre pattern along the strike length of the ironstone. The Mineral Resource was estimated and reported in-house by Cerro Resource NL.

The current resource totals 19.1 million tonnes grading 41.4% iron and 37.9% silica in the Indicated category and 11.4 million tonnes grading 33.8% iron and 47.4% silica in the Inferred category. This resource is open at depth.

A resource estimate was first completed and reported to ASX by previous owners on 28 September 2012 and there has been no material change to the resource base during the financial year. A review of the resource estimate was completed for the purpose of compiling this statement and the principles and methodology of the resource estimation procedure and the resource classification procedure have been reconciled with the CIM Resource Reserve definitions and found to comply.

▲ Governance And Internal Controls – Resource Calculations

The Company ensures good governance in relation to resource estimation through the use of third-party resource consultants and internal review in accordance with industry best practice. All reported resource estimates were generated by reputable, independent consulting firms. The resource reports and supporting data were subjected to internal analysis and peer review before release. The Company is not aware of any additional information, other than that reported, which would have a material effect on the estimates as reported.

Due to the nature, stage and size of the Company's existing operations, the Board believes there would be no efficiencies gained by establishing a separate mineral reserves and resources committee responsible for reviewing and monitoring the Company's processes for calculating mineral reserves and resources estimates and for ensuring that the appropriate controls are applied to such calculations.

The Company will report any future mineral reserves and resources estimates in accordance with the 2012 JORC Code.

Annual Mineral Resource Statement

▲ Resource By Commodity

Deposit	Tonnes Mt	Contained CuEq %	Recovered CuEq %	Cu %	Au g/t	Co %	Mo %	Re g/t	Fe %
Kalman (Updated)	39.2	1.27	1.07	0.53	0.27	-	0.10	2.1	-
Jubilee (51% HMX)	1.4	-	-	1.41	0.62	-	-	-	-
Overlander	1.8	-	-	1.20	-	0.05	-	-	-
Lakeview	0.6	-	-	1.03	0.30				
Mount Philp	30.5	-	-	-	-	-	-	-	39.00

Competent Person's Statements

The information in this Annual Mineral Resources Statement is based on, and fairly represents information and supporting documentation reviewed by Mr Mark Whittle, a Competent Person who is a fellow of the AusIMM and an employee of Hammer Metals Limited. Mr Whittle has sufficient experience which is relevant to the styles of mineralisation and deposit types under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 JORC Code) and the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 JORC Code). Mr Whittle consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

TENEMENT INTERESTS AT END OF SEPTEMBER 2023

▲ Mt Isa (Queensland)

Mt. Dockerell Mining Pty Ltd

Lease	Lease Name	Lease Status	Interest
EPM 11919	Cameron River	Granted	100%
EPM 13870	Pelican	Granted	100%
EPM 18084	Dronfield	Granted	80%
EPM 25165	Cameron River 4	Granted	100%
EPM 26474	Enterprise	Granted	100%
EPM 26511	Sling Shot	Granted	100%
EPM 26628	Argylla	Granted	100%
EPM 26694	Mt Philp	Granted	100%
EPM 26775	Pilgrim North	Granted	100%
EPM 26776	Pilgrim Central	Granted	100%
EPM 26777	Pilgrim South	Granted	100%
EPM 26902	Marriage	Granted	100%
EPM 26904	Jady Jenny	Granted	100%
EPM 27018	Dingo Creek	Granted	100%
EPM 27469	Mount Moran	Granted	100%
EPM 27470	China Wall	Granted	100%
EPM 27806	Roos	Granted	100%
EPM 27815	Lady Vampire	Granted	100%
EPM 27861	Saint Mungo	Granted	100%
EPM 28285	The Plus	Application	100%
EPM 28903	Pandora	Application	100%

Tenement Interests

Mulga Minerals Pty Ltd

Lease	Lease Name	Lease Status	Interest
EPM 12205	Cloncurry	Granted	100%
EPM 14019	South Mary K	Granted	100%
EPM 14022	North Mary K	Granted	100%
EPM 14467	Mt Frosty	Granted	51%
EPM 25145	Green Creek	Granted	100%
EPM 25866	Malbon	Granted	100%
EPM 25867	Mt Jasper	Granted	100%
EPM 26126	Cathay	Granted	100%
EPM 26127	Resolve	Granted	100%
EPM 26130	El Questro	Granted	100%
EPM 26512	Black Angel	Granted	100%
EPM 27355	Pioneer	Granted	100%

Hammer Bulk Commodities Pty Ltd

Lease	Lease Name	Lease Status	Interest
EPM 28189	Resolve Extended	Granted	100%

▲ Yilgarn (Western Australia)

Carnegie Exploration Pty Ltd

Lease	Lease Name	Lease Status	Interest
E36/854		Granted	100%
E36/868	Kens Bore	Granted	100%
E36/869		Granted	100%
E36/870		Granted	100%
E36/916		Granted	100%
E36/996		Granted	100%
E36/1006		Application	100%
E53/1989		Granted	100%

Lease	Lease Name	Lease Status	Interest
E53/1996		Granted	100%
E53/2030		Granted	100%
E53/2085		Granted	100%
E53/2112		Granted	100%
E53/2113		Granted	100%
E53/2114		Granted	100%
E53/2115		Granted	100%
E53/2116		Granted	100%
E53/2117		Granted	100%
E53/2118		Granted	100%
E53/2127		Granted	100%
E53/2128		Granted	100%
P36/1857		Granted	100%
P36/1858		Granted	100%
P53/1682		Granted	100%
P53/1683		Granted	100%
P53/1684		Granted	100%
P53/1685		Granted	100%
P53/1686		Granted	100%
P53/1687		Granted	100%
P53/1688		Granted	100%
P53/1689		Granted	100%
P53/1690		Granted	100%
P53/1691		Granted	100%
P53/1692		Granted	100%
P53/1693		Granted	100%
P53/1694		Granted	100%
P53/1695		Granted	100%
P53/1696		Granted	100%
P53/1697		Granted	100%

Directors Report

The Directors present their report together with the financial report of Hammer Metals Limited ("the Company" or "Hammer") and of the Group, comprising the Company and its subsidiaries, for the year ended 30 June 2023 and the auditor's report thereon.

▲ 1. Directors

The names and details of the Company's directors in office during the financial year or since the end of the financial year are set out below:

RUSSELL DAVIS Non-Executive Chairman

BSc (Honours) MBA MAusIMM, MAICD

Russell Davis is a Geologist with over 40 years' experience in the mineral resources business. He has worked on the exploration and development of a range of commodities for a number of international and Australian companies, holding senior technical and corporate positions including Chief Mine Geologist, Exploration Manager and Managing Director. Mr Davis was a founding Director of Gold Road Resources Limited in 2005 and continued as an Executive then Non-executive Director until June 2016. Mr Davis was also founding Director of Syndicated Metals Limited in 2007 and Managing Director up to March 2012. Mr Davis has been a Director of Hammer Metals (Australia) Pty Ltd since its inception in 2012.

DANIEL THOMAS Managing Director

BSc, MBA

Daniel Thomas has over 20 years' experience in operations, corporate development, project management and project finance having completed undergraduate studies in Chemistry and Geology as well as attaining an MBA from the Melbourne Business School. During his career, Mr Thomas has worked across Australia, North America, Asia and Africa, in a wide range of commodities, including base and precious metals. Mr Thomas' most recent role before joining the Company was as Business Development Manager at Sandfire Resources (ASX:SFR), where he was instrumental in utilising cash-flows generated by the DeGrussa Copper-Gold Mine to grow the Company both organically through exploration and through business development initiatives, including several acquisitions, investments and joint ventures. Prior to his time at Sandfire Resources Limited, Mr Thomas held roles with Wesfarmers, PTT Asia Pacific Mining and Mitsui E&P Australia.

DAVID CHURCH Non-Executive Director

LLB, BEc

David Church is currently a Partner in the national legal firm Thompson Geer and the Non-Executive Chairman of Caprice Resources Limited. Mr Church is a qualified solicitor and has previously practiced in England and Wales and Hong Kong with Linklaters. Mr Church was also the head of mergers and acquisitions for Regent Pacific Group Limited, a Hong Kong listed investment company, for over 13 years.

JAMES CROSER

Non-Executive Director (appointed 8 September 2023)

BEng (Mining Engineering)

James Croser has over 25 years of experience in operational and executive roles with a strong track record in guiding junior ASX companies through periods of significant growth. Most recently, Mr Croser was a founding Director in the establishment of Red Dirt Metals (now Delta Lithium – ASX:DLI) and the discovery of the Mt Ida lithium deposit in WA.

ZBIGNIEW LUBIENIECKI

Non-Executive Director (resigned 7 September 2023)

BSc (Applied Geology), MAIG

2. Directorships Of Other Listed Companies

Directorships of other ASX listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
Russell Davis	M3 Mining Limited	July 2021 - current[1]
Daniel Thomas	None	-
David Church	Caprice Resources Limited	October 2019 - current
James Croser[2]	Delta Lithium Limited	December 2020 - current
	Greenstone Resources Limited	November 2022 - current
Zbigniew Lubieniecki[3]	Cosmo Metals	August 2021 - July 2023

[1] – Mr Davis was a director of M3 Mining Limited prior to its listing on the Australian Securities Exchange in July 2021
[2] – Mr Croser was appointed to the board on 8 September 2023
[3] – Mr Lubieniecki resigned from the board on 7 September 2023

3. Company Secretary

MARK PITTS Company Secretary
B.Bus, FCA, GAICD

Mr Pitts is a Chartered Accountant with over 30 years' experience in statutory reporting and business administration. He has been directly involved with, and consulted to, a number of public companies holding senior financial management positions.

4. Directors' Meetings

The number of Directors' meetings held, and the number of meetings attended by each of the Directors of the Company during their term in office in the financial year is as follows:

Director	Meetings held while in office	Meetings attended
Mr R Davis	5	5
Mr D Thomas	5	5
Mr Z Lubieniecki	5	5
Mr D Church	5	4

The Company does not have any committees. Matters usually considered by an audit, remuneration or nomination committee were dealt with by the whole Board during regular Board meetings.

▲ 5. Principal Activity

The principal activity of the Group during the course of the financial year was mineral exploration in Australia.

▲ 6. Operating And Financial Review

The Group incurred an after-tax loss for the year of $1,285,536 (2022: $645,270).

CORPORATE:

The following issues of ordinary shares were completed during the year:

- On 3 August 2022, the Company issued 4,664,633 shares upon the successful exercise of 7,650,000 options exercisable at $0.032 each on or before 30 November 2022 utilising a cashless exercise facility available to holders of the options.
- On 18 November 2022, the Company issued 348,093 shares upon the successful exercise of 700,000 options exercisable at $0.032 each on or before 30 November 2022 utilising a cashless exercise facility available to holders of the options.
- On 20 December 2022, the Company issued 1,000,000 shares upon the successful exercise of options exercisable at $0.035 each on or before 13 December 2022. These options were validly exercised prior to the expiry date.
- On 5 June 2023, the Company issued 58,333,333 ordinary shares under a placement at $0.06 per share, raising $3,500,000 before costs of the offer.

Furthermore, the Company received funds totalling $105,000 relating to the exercise of 3,000,000 options exercisable at $0.035 each on or before 30 June 2023. These funds and the valid exercise notice were received prior to the end of the financial year, with the conversion and issue of shares occurring on 6 July 2023.

During the financial year no options expired or lapsed unexercised.

Since the end of the financial year, no options have been granted or expired.

No performance rights were issued or expired during, or since the end of the financial year.

EXPLORATION ACTIVITIES:

Hammer is currently exploring in two great minerals provinces, focused on the discovery of copper and gold deposits. In the Mount Isa region, the Group embarked on an aggressive exploration program with a significant increase to the Kalman JORC resource in addition to unearthing a number of encouraging copper/gold exploration targets. Hammer continues to advance its exploration activities in the Yandal Belt in WA, with new lithium targets emerging in addition to several prospective gold targets near the former Bronzewing gold mine.

QUEENSLAND - MOUNT ISA REGION PROJECTS

In the Mount Isa base metals district, Hammer has five projects with established copper gold JORC resources. The Group is committed to growing its metal inventory near these existing resources, in addition to exploring the district for large iron oxide copper-gold (IOCG) deposits of the Ernest Henry style (approximately 220 million tonnes at 1.1% Cu and 0.5g/t Au). The Group holds approximately 2,600 km^2 of tenure in the Mt. Isa region. A systematic IOCG targeting exercise within the Mount Isa region is ongoing through the Mount Isa East JV and 100% funded activities.

Mt. Isa project – wholly-owned projects

Hammer's activities during the year culminated in an update to the Kalman JORC resource. The updated Mineral Resource Estimate (MRE) completed for the 100%-owned Kalman copper-gold-silver-molybdenum-rhenium deposit contains 39.2Mt at 1.07% Recovered Copper Equivalent ("CuEq Rec") at 0.53% Cu, 0.27g/t Au, 0.10% Mo, 1.5g/t Ag and 2.1g/t Re. This equates to ~500,000t of contained copper equivalent metal and represents a ~39% increase in the contained metal within the deposit. Drilling at Kalman delivered an additional 10Mt of material to the Indicated categorisation within the MRE (a 141% increase on the 2016 MRE). The Kalman MRE contains 208,400t of copper, 343,200 oz of gold, 38,000t of molybdenum, 1.92m oz of silver and 84,100 kg of rhenium (refer ASX Announcement 8 May 2023).

▲ Kalman Deposit Jorc 2012 Mineral Resource Estimate (May, 2023)

Classification	Mining Method	CuEq Cut-off	Tonnes Kt[1]	CuEq Cont. % [3]	CuEq Rec. %[2,3,4]	Cu %	Au g/t	Ag g/t	Mo %	Re g/t	Contained Cu Eq Metal (Kt) [1]	Recovered Cu Eq Metal (Kt)[1]
Indicated	Open Pit	0.4%	17,120	1.04	0.87	0.43	0.22	1.2	0.08	1.7	180	150
Inferred	Open Pit	0.4%	10,540	1.11	0.93	0.40	0.21	1.3	0.10	2.2	120	100
Inferred	Underground	1.0%	11,530	1.78	1.48	0.80	0.41	2.2	0.12	2.7	200	170
Total			**39,190**	**1.27**	**1.07**	**0.53**	**0.27**	**1.5**	**0.10**	**2.1**	**500**	**420**

- *Note: (1) Rounded to nearest 10kt*
- *Note: (2) The recovered copper equivalent equation is: CuEq Recovered = 0.86*Cu + (0.74*0.771051*Au) + (0.74*0.008336*Ag) + (0.86*4.857143*Mo) + (0.77*0.023334*Re)*
- *Note: (3) Copper Equivalent Price assumptions are: Cu: US$7,714/t (US$3.50/lb); Au: US$1,850/oz; Ag: US$20/oz; Mo: US$37,468/t (or US$17/lb); and Re: US$1,800/kg*
- *Note: (4) Recovery assumptions are: Cu 86%; Au 74%; Ag 74%; Mo 86%; and Re 77%*
- *Note: (5) Transition from Open to Underground Mining based on prior optimisation studies set at 75mRL. Surface RL is approx 425mRL*

Several other promising copper gold systems were unearthed through drilling during the year with Hardway, South Hope and Mascotte emerging as leading targets for future programs. Hammer drill tested in excess of 15 different targets in 2022 – many of which had never been previously drilled. Key results achieved during the year include:

- *Hardway*
  - o 57m at 1.0% Cu from surface in HMHWRC012 and
  - o 30m at 1.1% copper from 48m (oxide) and 26m at 0.14% Total Rare Earth and Yttrium Oxides (TREYO) from 34m in HMHWRC001
- *South Hope*
  - o 25m at 2.41% Cu and 0.47g/t Au from 85m in HMSHRC001
- *Mascotte*
  - o 6m at 3.73% Cu and 1.47g/t Au from 50m in HMMARC002
- *Mascotte Junction*
  - o 6m at 2.04% Cu, 0.03g/t Au, 684ppm Co and 0.17% Ni from 30m in HMMARC003 within a mineralised envelope of 33m at 0.73% Cu

(Refer ASX Announcements – 9 March 2022, 29 June 2022 and 24 October 2022, 22 November 2022 and 23 December 2022)

Mt Isa East Joint Venture ("MIEJV")

Work on the MIEJV continued throughout the year, including a significant IP survey and drilling program at targets along the Trafalgar and Pearl trends.

WESTERN AUSTRALIA - BRONZEWING SOUTH PROJECT

Hammer's tenements cover prospective structural trends in the core of the Yandal Greenstone Belt. This region has reported greater than 24Moz of current and historical gold production from deposits such as Bronzewing, Jundee, Mt McClure, Darlot and Thunderbox.

During the year the company completed the first pass soil sampling program across a number of prospective gold, nickel and lithium targets. A follow up field review program was completed whereby a number of outcropping pegmatite units were sampled. A subsequent review of historical data showed highly anomalous bottom of hole lithium results at Hammer's North Orelia Target 1 area. Future work programs are currently being designed with a view to completing further geophysical and drilling programs in the coming year.

RISK MANAGEMENT:

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, including emerging risks, and also opportunities, are identified on a timely basis and the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

Given the size of the Company and its stage of development all Board members are involved and have responsibility for management of risk. Day to day management of risks are delegated to the Managing Director.

Material business risks

There are inherent risks associated with the exploration for minerals. The Group faces the usual risks encountered by companies engaged in the exploration, evaluation and development of minerals. The material business risks for the Group include:

- *External Risks*

  #### Environmental risks

  The Company's operations and projects are subject to the laws and regulations of the jurisdictions in which it has interests and carries on business (Queensland and Western Australia) regarding environmental compliance and relevant hazards. There is also a risk that the environmental laws and regulations may become more onerous, making the Group's operations more expensive which may adversely affect the financial position and /or performance of the Group. The Directors are not aware of any environmental law that is not being complied with.

  #### Government regulations and claims risks

  Changes in law and regulations or government policy may adversely affect the Group's operations. There is no guarantee that current or future exploration claim applications or existing claim renewals will be granted, that they will be granted without undue delay, or that the Company can economically comply with any conditions imposed on any granted exploration claims. Loss of claims may adversely affect the financial position and /or performance of the Group. Management maintains close contact with relevant Departments and industry bodies to monitor changes and proposed changes in regulation and policy.

- *Operating Risks*

  #### Exploration and development risk

  The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, not all exploration activity will lead to the discovery of economic deposits. Major expenditure may be required to locate and establish Ore Reserves, to establish rights to mine the ground, to receive all necessary operating permits, to develop metallurgical processes and to construct mining and processing facilities at a particular site.

  #### Mineral Resources

  The Group's estimates of Mineral Resources are based on different levels of geological confidence and different degrees of technical and economic evaluation, and no assurance can be given that anticipated tonnages and grades will be achieved or could be mined or processed profitably.

In addition to the risks described above, the Group's ability to successfully develop projects is contingent on the Group's ability to fund those projects through debt or equity raisings.

▲ 7. Dividends

No dividends were paid or declared by the Company during the financial year.

▲ 8. Events Subsequent To Balance Date

Subsequent to year end the following events have occurred:

- As noted above, on 6 July 2023 a total of 3,000,000 options exercisable at $0.035 on or before 30 June 2023 were validly exercised and 3,000,000 new ordinary shares were issued upon their conversion. The funds for the exercise were received prior to the end of the financial year; and
- On 2 August 2023, the Company issued 3,666,667 ordinary shares to Directors of the Company at an issue price of $0.06 per share. These shares were issued in conjunction with the Share Placement completed on 5 June 2023, and the issue was approved by shareholders at the General Meeting held on 13 July 2023.
- On 7 September 2023, Zbigniew Lubieniecki resigned as a non-executive director, and James Croser was appointed as non-executive director on 8 September 2023. As part of his appointment, the Company issued 4,000,000 unquoted options exercisable at $0.08 on or before 30 November 2026 to Mr Croser.

Other than the above, there has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

▲ 9. Likely Developments

The Company will continue planning and executing exploration and development work on its existing projects in Australia as well as projects under review in Australia to complement and expand on existing tenement holdings.

▲ 10. Directors' Interests

The relevant interest of each Director in the shares and options of the Company as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary shares	Unlisted options	Performance Rights
Mr R Davis	43,744,013	3,500,000	-
Mr D Thomas	4,833,334	7,000,000	8,000,000
Mr D Church	1,052,631	2,500,000	-
Mr J Croser	-	4,000,000	-
Mr Z Lubieniecki	64,826,884	3,000,000	-

The above table includes indirect shareholdings held by related parties to the directors.

▲ 11. Environmental Regulations

In the course of its normal mining and exploration activities Hammer adheres to environmental regulations imposed on it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna.

Hammer has complied with all material environmental requirements up to the date of this report. The Board believes that Hammer has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to it.

▲ 12. Remuneration Report – Audited

12.1 PRINCIPLES OF COMPENSATION

Remuneration levels for key management personnel and other staff of Hammer are competitively set to attract and retain appropriately qualified and experienced personnel and therefore includes a combination of cash paid and the issuance of options and rights. Key management personnel comprise the directors of the Company and senior executives for Hammer. Staff remuneration is reviewed annually.

Consequences of performance on shareholder wealth

In establishing performance measures and benchmarks to ensure incentive plans are appropriately structured to align corporate behaviour with the long-term creation of shareholder wealth, the Board has regard for the stage of development of the Company's business, share price, operational and business development achievements (including results of exploration activities) that are of future benefit to the Company.

In considering Hammer's performance and benefits for shareholder wealth, the Board have regarded the following indices in respect to the current and previous four financial years:

	2023	2022	2021	2020	2019
Loss per share (cents)	(0.16)	(0.08)	(0.08)	(0.40)	(0.29)
Net loss ($)	(1,285,536)	(645,270)	(611,525)	(1,978,610)	(852,517)
Share price at 30 June	**$0.061**	**$0.045**	**$0.092**	**$0.043**	**$0.023**

Service contracts

Daniel Thomas – Managing Director

The Company entered into an Executive Service agreement with Mr Thomas on 1 August 2021. An Executive service fee of $275,000 (plus superannuation) per annum is payable with an indefinite term. Either Party can terminate the agreement subject to a three-month notice period. Mr Thomas is not entitled to any termination payments other than for services rendered at time of termination.

Mark Pitts – Company Secretary

Mr Pitts is a Principal in the Company Secretarial and CFO advisory divisions of the Automic Group providing secretarial support and corporate and compliance advice, pursuant to a contract with the Company. The has no fixed term with the option of termination by either party with two months' written notice. Mr Pitts is not entitled to any termination payments other than for services rendered at time of termination.

Non-executive directors

All non-executive Directors receive a fixed annual Directors' fee of $50,000 (inclusive of superannuation benefits as required under the applicable legislation). The Chair receives a fixed annual fee of $75,000 (inclusive of superannuation benefits as required under the applicable legislation).

The maximum aggregate amount of non-executive Directors' fees payable by the Company as approved by the shareholders at the 2011 annual general meeting is $300,000 per annum.

Share trading policy

In December 2010, Hammer introduced a share trading policy which sets out the circumstances in which directors, executives, employees and other designated persons may deal with securities held by them in the Company. This includes any shares or any other securities issued by the Company such as options. The policy includes restriction on key management personnel and other employees from entering into arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangements has been prohibited by law since 1 July 2011.

▲ 12.2 Directors' and senior executives' remuneration

Details of the nature and amount of each major element of the remuneration of each director of the Company and other key management personnel of the Group are:

Year Ended 30 June 2023	Short Term			Long Term				
Directors	Salary & fees $	Consulting fees $	Movement in leave accruals[1] $	Superannuation benefits $	Options and Rights $	Total $	Proportion of remuneration performance related %	Value of options and rights as proportion of remuneration %
Executive Mr D Thomas	278,583	-	3,863	25,292	22,161[2]	329,899	6.7%	6.7%
Non-executive Mr R Davis	67,873	7,299	-	7,127	64,950	147,249	-	44.1%
Mr Z Lubieniecki	45,249	39,313	-	4,751	64,950	154,263	-	42.1%
Mr D Church	45,249	-	-	4,751	64,950	114,950	-	56.5%
Total - Directors	**436,954**	**46,612**	**3,863**	**41,921**	**217,011**	**746,361**	**3.0%**	**29.1%**
Other Key Management Personnel Executives								
Mr M Pitts (Company Secretary)	60,000	-	-	-	-	60,000	-	-
Total – all key management personnel	**496,954**	**46,612**	**3,863**	**41,921**	**217,011**	**806,361**	**2.7%**	**26.9%**

[1] – *Represents the accounting value of the movement in accrued leave liabilities, and not amounts paid to the member of Key Management Personnell.*

[2] – *Represents the vesting expense of options and rights issued during a previous period.*

▲ 12.2 Directors’ and senior executives’ remuneration

Details of the nature and amount of each major element of the remuneration of each director of the Company and other key management personnel of the Group are:

Year Ended 30 June 2022	Short Term			Long Term				
Directors	Salary & fees $	Consulting fees $	Movement in leave accruals[1] $	Superannuation benefits $	Options and Rights $	Total $	Proportion of remuneration performance related %	Value of options and rights as proportion of remuneration %
Executive Mr D Thomas	270,417	-	10,158	27,041	62,492[2]	370,108	16.9%	16.9%
Non-executive Mr R Davis	57,955	8,500	-	5,796	-	72,251	-	-
Mr Z Lubieniecki	38,636	42,375	-	3,864	-	84,875	-	-
Mr D Church	41,364	-	-	4,136	-	45,500	-	-
Total - Directors	**408,372**	**50,875**	**10,158**	**40,837**	**62,492**	**572,734**	**10.9%**	**10.9%**
Other Key Management Personnel Executives								
Mr M Pitts (Company Secretary)	60,000	-	-	-	-	60,000	-	-
Total – all key management personnel	**468,372**	**50,875**	**10,158**	**40,837**	**62,492**	**632,734**	**9.9%**	**9.9%**

[1] – Represents the accounting value of the movement in accrued leave liabilities, and not amounts paid to the member of Key Management Personnel.

[2] – Includes both instruments issued during the current period and the vesting expense of options and rights issued during a previous period.

▲ 12.3 Value of options to key management personnel

The value of options will only be realised if and when the market price of the Company shares, as quoted on the Australian Securities Exchange, rises above the Exercise Price of the options. Further details of the options are contained below..

▲ 12.4 Options and rights over equity instruments granted as compensation

4,500,000 options were granted to the Non-Executive Directors during the financial year. The terms of these options and rights are noted in the table below.

▲ 12.5 Analysis of options and rights over equity instruments granted as compensation

Granted during the current financial year

No options were granted as remuneration to key management personnel during the year.

Key Management Personnel	Number of options granted	Date granted	% Vested	% Forfeited / Lapsed	Financial year in which grant vested / will vest
Russell Davis	1,500,000	23 November 2022	100%	-	-
Zbigniew Lubieniecki	1,500,000	23 November 2022	100%	-	-
David Church	1,500,000	23 November 2022	100%	-	-

The fair value of the options issued during the year to Key Management Personnel was determined by reference to the Black-Scholes option pricing model. The key inputs and valuations are summarised as follows:

	Directors
Underlying security spot price on grant date	$0.063
Exercise price	$0.07
Grant date	23 November 2022
Expiration date	30 November 2026
Vesting date	Immediate
Life (years)	4
Volatility	100%
Risk free rate	3.17%
Dividend Yield	-
Number of options	4,500,000
Valuation per option	$0.0433
Remaining life (years)	3.4
Total value	$194,850
Value recognised to date	$194,850
Value still to be recognised	-

Granted during previous financial years

No options were granted as remuneration to key management personnel during the prior year

The following performance rights, which all expire on 21 December 2024, were issued to the Company's Managing Director during the previous financial year:

- 1,000,000 Tranche 6 performance rights, vesting upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 50,000 tonnes Cu or equivalent KPI at the sole discretion of the Board;
- 1,000,000 Tranche 7 performance rights, vesting upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 100,000 tonnes Cu or equivalent KPI at the sole discretion of the Board; and
- 1,000,000 Tranche 8 performance rights, vesting upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 200,000 tonnes Cu or equivalent KPI at the sole discretion of the Board

The number of rights under each tranche on issue during the current and previous financial year are as follows:

	30 June 2023 No.	30 June 2022 No.
Managing Director Performance Rights – Tranche 3	-	-
Managing Director Performance Rights – Tranche 4	-	-
Managing Director Performance Rights – Tranche 5	5,000,000	5,000,000
Managing Director Performance Rights – Tranche 6	1,000,000	1,000,000
Managing Director Performance Rights – Tranche 7	1,000,000	1,000,000
Managing Director Performance Rights – Tranche 8	1,000,000	1,000,000
	8,000,000	**8,000,000**

The fair value of the performance rights issued during the previous year to Key Management Personnel was determined by reference to the underlying security on the date of issue. These fair values have not been adjusted as there exist no market-based performance conditions attached to the rights. The key inputs and valuations are summarised as follows:

	Mr D Thomas – Tranche 6	Mr D Thomas – Tranche 7	Mr D Thomas – Tranche 8
Underlying security spot price on grant date	$0.044	$0.044	$0.044
Grant date	29 Nov 2021	29 Nov 2021	29 Nov 2021
Expiration date	21 Dec 2024	21 Dec 2024	21 Dec 2024
Vesting date	-	-	-
Life (years)	3	3	3
Discount applied (Note 1)	-	-	-
Number of rights	1,000,000	1,000,000	1,000,000
Value per right	$0.044	$0.044	$0.044
Remaining life (years) (Note 2)	1.4	1.4	1.4
Total value	$44,000	$44,000	$44,000
Value recognised to date (as at 30 June 2023)	$23,204	$23,204	$23,204
Value still to be recognised (as at 30 June 2023)	$20,796	$20,796	$20,796

- *Note (1) All three tranches of performance rights issued during the previous year contain no market-based vesting conditions and therefore no discount has been applied.*
- *Note (2) The remaining life represents the time, in years, left until the expiry of the right.*

▲ 12.6 Option holdings

The movement during the reporting period in the number of options over ordinary shares in Hammer Metals Limited held, directly, indirectly or beneficially, by each key management person, including their personally-related entities, is as follows:

Key Management Personnel	Held at beginning of period/on appointment	Granted	Purchased	Exercised	Lapsed or Expired	Held at end of period / on resignation	Vested and exercisable at end of period
Mr R Davis	3,500,000	1,500,000	-	(1,500,000)	-	3,500,000	3,500,000
Mr D Thomas	7,000,000	-	-	-	-	7,000,000	7,000,000
Mr Z Lubieniecki	4,500,000	1,500,000	-	(3,000,000)	-	3,000,000	3,000,000
Mr D Church	1,000,000	1,500,000	-	-	-	2,500,000	2,500,000
Mr M Pitts	1,000,000	-	-	(500,000)	-	500,000	500,000

▲ 12.7 Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares in Hammer Metals Limited held directly, indirectly or beneficially, by each key management person, including their personally related entities, is as follows:

	Held at beginning of period/on appointment	Purchases	Sales	Granted in lieu of fees	Exercise of Options and Performance Rights	Held at end of period/on resignation
Mr R Davis	40,179,289	150,000	-	-	914,724	41,244,013
Mr D Thomas	4,000,000	-	-	-	-	4,000,000
Mr Z Lubieniecki	62,664,283	-	-	-	1,829,268	64,493,551
Mr D Church	1,052,631	-	-	-	-	1,052,631
Mr M Pitts	1,424,581	-	-	-	304,878	1,729,959

▲ 12.8 Performance right holdings

The movement during the reporting period in the number of performance rights over ordinary shares in Hammer Metals Limited held, directly, indirectly or beneficially, by each key management person, including their personally-related entities, is as follows:

	Held at beginning of period/on appointment	Granted	Exercised	Other movements	Held at end of period / on resignation	Vested and exercisable at end of period
Mr R Davis	-	-	-	-	-	-
Mr D Thomas	8,000,000	-	-	-	8,000,000	-
Mr Z Lubieniecki	-	-	-	-	-	-
Mr D Church	-	-	-	-	-	-
Mr M Pitts	-	-	-	-	-	-

▲ 12.9 Key management personnel transactions

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year exclusive of GST:

		Transaction value year ended		Balance outstanding as at	
Key management Personnel	**Transaction**	**30 June 2023 $**	**30 June 2022 $**	**30 June 2023 $**	**30 June 2022 $**
Mr Z Lubieniecki	Consulting Fees	39,919	42,375	-	-
Mr R Davis	Consulting Fees	7,299	8,500	-	8,500
Mr M Pitts	Accounting services	45,200	48,790	4,100	5,780

The Company paid fees to Zbigniew Lubieniecki and Russell Davis, as consulting fees for geological services provided.

The Company paid fees to Endeavour Corporate, a company associated with Mark Pitts, for accounting and financial reporting services provided to the Group.

END OF REMUNERATION REPORT

▲ 13. Share Options

Unissued shares under option

At the date of this report unissued ordinary shares of the Company under option are:

	Expiry Date	Exercise price	Number of options
Managing Director Options – Tranche 1	21 October 2023	$0.05	3,000,000
Managing Director Options – Tranche 2	21 October 2023	$0.06	4,000,000
Employee and Consultant Options	30 June 2024	$0.05	2,600,000
Director Options	30 November 2024	$0.05	4,500,000
Corporate Advisor Options – Tranche 3	13 May 2025	$0.04	2,000,000
Non-Executive Director Options	30 June 2026	$0.07	4,500,000
			20,600,000

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares issued on exercise of options

During the financial year, the Company issued 5,012,726 ordinary shares as a result of the exercise of 8,350,000 unquoted options exercisable at 3.2 cents on or before 30 November 2022. These options were exercised using a cashless exercise facility in accordance with the terms and conditions of the options.

Also during the year, the Company issued 1,000,000 ordinary shares as a result of the exercise of unquoted options exercisable at 3.5 cents each on or before 20 December 2022.

Subsequent to year end on 6 July 2023, a total of 3,000,000 options exercisable at 3.5 cents each ($0.035) were exercised.

▲ 14. Performance Rights

Unissued shares under performance rights

At the date of this report unissued ordinary shares of the Company under performance rights are:

	Expiry Date	Number of rights
Managing Director Rights – Tranche 5	13 December 2023	5,000,000
Managing Director Rights – Tranche 6	21 December 2024	1,000,000
Managing Director Rights – Tranche 7	21 December 2024	1,000,000
Managing Director Rights – Tranche 8	21 December 2024	1,000,000
		8,000,000

The terms of these rights are summarised in section 12.5 above.

Shares issued on exercise of performance rights

During the financial year, the Company did not issue any ordinary shares as a result of the exercise of performance rights (2022: 1,500,000).

▲ 15. Corporate Governance

In recognising the need for the highest standards of corporate behaviours and accountability, the Directors support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the ASX Corporate Governance Council and considers the Company is in compliance with those guidelines which are of importance to the operations of the Company. Where a recommendation has not been followed, that fact has been disclosed together with the reasons for the departure.

The Company's Corporate Governance Statement and disclosures available on the Company's website at www.hammermetals.com.au.

▲ 16. Indemnification Of Officers And Auditors

The Company has entered into Deeds of Access and Indemnity (Deed) with each Director and the Company Secretary (officers). Under the Deed, the Company indemnifies the officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the Deed.

Also pursuant to the Deed, the Company must insure the officers against liability and provide access to all board papers relevant to defending any claim brought against them in their capacity as officers of the Company.

The Company has paid insurance premiums during the year in respect of liability for any past, present or future Directors, secretary, officers and employees of the Company or related body corporate. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance or indemnification for the Auditor of the Company.

▲ 17. Non-Audit Services

During the year PKF Perth, the Company's auditor, provided no non-audit services to the Company.

▲ 18. Lead Auditor's Independence Declaration Under Section 307c Of The Corporations Act 2001

The lead auditor's independence declaration is set out on page 15 and forms part of the Directors' report for the financial year ended 30 June 2023.

▲ 19. Significant Changes In State Of Affairs

In the opinion of Directors, other than that disclosed elsewhere in this report, there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review.

This report is made with a resolution of the Directors:

R Davis
Chairman
Perth
20 September 2023

Auditor's Independence Declaration

PKF Perth

Advisory • Audit
Business Solutions

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF HAMMER METALS LIMITED

In relation to our audit of the financial report of Hammer Metals Limited for the year ended 30 June 2023, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF PERTH

ALEXANDRA CARVALHO
PARTNER

20 SEPTEMBER 2023
WEST PERTH,
WESTERN AUSTRALIA

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HAMMER METALS LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	30 June 2023 $	30 June 2022 $
Current Assets			
Cash and cash equivalents	10	4,357,140	5,193,673
Trade and other receivables	11	252,649	501,762
Total current assets		**4,609,789**	**5,695,435**
Non-current assets			
Other financial assets	12	227,529	370,695
Plant and Equipment		3,981	-
Right-of-use assets	13	162,012	268,662
Exploration and evaluation expenditure	14	24,678,290	21,337,979
Total non-current assets		**25,071,812**	**21,977,336**
Total assets		**29,681,601**	**27,672,771**
Current liabilities			
Trade and other payables	15	443,893	691,567
Lease liabilities	16	68,892	63,997
Total current liabilities		**512,785**	**755,564**
Non-current liabilities			
Lease liabilities	16	95,701	169,940
Total non-current liabilities		**95,701**	**169,940**
Total liabilities		**608,486**	**925,504**
Net assets		**29,073,115**	**26,747,267**
Equity			
Share capital	17	66,593,958	62,965,503
Reserves	18	1,382,293	1,399,364
Accumulated losses		(38,903,136)	(37,617,600)
Total equity		**29,073,115**	**26,747,267**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

HAMMER METALS LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 $	30 June 2022 $
Other income	4	190,974	214,863
Sale of tenement		-	322,727
Marketing expenses		(163,931)	(102,143)
Administrative expenses		(608,390)	(489,988)
Employee benefits expense	5	(265,893)	(245,517)
Share based payments	5	(171,229)	(140,492)
Occupancy expenses		(40,314)	(40,191)
Depreciation and amortisation	5	(100,585)	(42,458)
Fair value adjustment on financial assets		(143,166)	(113,604)
Loss from operating activities		**(1,302,534)**	**(636,803)**
Finance income		24,367	1,303
Finance expenses		(7,369)	(9,770)
Net finance income / (expense)	6	**16,998**	**(8,467)**
Loss before income tax		**(1,285,536)**	**(645,270)**
Income tax benefit	8	-	-
Net loss for the year from continuing operations		**(1,285,536)**	**(645,270)**
Other comprehensive income		-	-
Other comprehensive loss for the year, net of income tax		**-**	**-**
Total Comprehensive loss for the year		**(1,285,536)**	**(645,270)**
Loss per share:			
Basic and diluted loss per share (cents per share)	9(a)	(0.16)	(0.08)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

HAMMER METALS LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Share based payment reserve	Accumulated losses	Total
Balance at 1 July 2021	**62,277,335**	**1,291,101**	**(36,972,330)**	**26,596,106**
Loss for the year	-	-	(645,270)	(645,270)
Other comprehensive income / loss	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(645,270)**	**(645,270)**
Exercise of options	17,600	(4,800)	-	12,800
Shares issued for cash	650,000	-	-	650,000
Conversion of performance rights	27,429	(27,429)	-	-
Share based payments	-	140,492	-	140,492
Share issue costs	(6,861)	-	-	(6,861)
Balance at 30 June 2022	**62,965,503**	**1,399,364**	**(37,617,600)**	**26,747,267**
Balance at 1 July 2022	**62,965,503**	**1,399,364**	**(37,617,600)**	**26,747,267**
Loss for the year	-	-	(1,285,536)	(1,285,536)
Other comprehensive income / loss	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(1,285,536)**	**(1,285,536)**
Exercise of options for cash	46,000	(11,000)	-	35,000
Exercise of options – cashless exercise	100,200	(100,200)	-	-
Exercise of options – unissued shares	182,100	(77,100)	-	105,000
Shares issued for cash	3,500,000	-	-	3,500,000
Share based payments	-	264,531	-	264,531
Derecognition of share based payments previously expensed	-	(93,302)	-	(93,302)
Share issue costs	(199,845)	-	-	(199,845)
Balance at 30 June 2023	**66,593,958**	**1,382,293**	**(38,903,136)**	**29,073,115**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

HAMMER METALS LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 $	30 June 2022 $
Cash flows from operating activities			
Interest received		24,367	1,303
Fuel rebate received		4,021	8,197
Payments to suppliers and employees		(1,011,169)	(1,010,887)
Net cash used in operating activities	23	**(982,781)**	**(1,001,387)**
Cash flows from investing activities			
Payments for exploration expenditure		(4,816,476)	(4,926,844)
Purchase of property, plant & equipment		(3,981)	-
Sale of tenements		-	322,727
Management fees received from farm-in and joint arrangement partners		349,909	233,500
Receipt of research and development grant		1,104,678	615,195
Government exploration grants received		148,676	-
Cash calls received from farm-in and joint venture partners		-	175,000
Net cash used in investing activities		**(3,217,194)**	**(3,580,422)**
Cash flows from financing activities			
Proceeds from issue of share capital		3,500,000	150,000
Share funds received in advance		105,000	-
Proceeds from issue of options		35,000	12,800
Share fund oversubscriptions returned		-	(14,125)
Transaction costs from issue of shares and options		(199,845)	(6,861)
Lease payments made		(76,713)	(72,425)
Net cash from financing activities		**3,363,442**	**69,389**
Net increase / (decrease) in cash and cash equivalents		(836,533)	(4,512,420)
Cash and cash equivalents at beginning of year		5,193,673	9,706,093
Cash and cash equivalents at end of year	10	**4,357,140**	**5,193,673**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

HAMMER METALS LIMITED
and its Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Hammer Metals Limited (the "Company") is a company domiciled in Australia. The Company's registered office is Unit 1, 28-30 Mayfair Street, West Perth, Western Australia. The consolidated financial statements of the Company for the financial year ended 30 June 2023 comprises the Company and its subsidiaries (together referred to as the "Group").

The Group is a for profit entity and is primarily involved in the exploration and extraction of mineral resources.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS's) adopted by the International Accounting Standards Board (IASB).

The consolidated financial report was authorised for issue by the Directors on 20 September 2023.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for share based payments and other financial assets which are measured at their fair value.

(c) Functional and presentation currency

The financial report is presented in Australian dollars which is the functional and presentation currency of the Company and its subsidiaries.

(d) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

(e) Use of estimates and judgements

Set out below is information about:

- critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements; and
- assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Critical judgements

i. *Going concern*
A key assumption underlying the preparation of the financial statements is that the Group will continue as a going concern. An entity is a going concern when it is considered to be able to pay its debts as and when they are due, and to continue in operation without any intention or necessity to liquidate or otherwise wind up its operations. A significant amount of judgement has been required in assessing whether the Group is a going concern, as set out in note 2(f).

HAMMER METALS LIMITED
and its Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgements (continued)

Estimates and assumptions

ii. Ore Reserves and Mineral Resources

Economically recoverable reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The Group determines and reports ore reserves and mineral resources under the standards incorporated in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (the JORC Code). The determination of ore reserves or mineral resources includes estimates and assumptions about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Changes in ore reserves and mineral resources impact the assessment of recoverability of exploration and evaluation assets, provisions for site restoration and the recognition of deferred tax assets, including tax losses.

iii. Exploration and evaluation assets

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policy (refer note 3(n)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to ore reserves (refer note 2(d)(ii)), the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure under accounting policy 3(n), a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the statement of profit and loss and other comprehensive income in accordance with accounting policy 3(f). The carrying amounts of exploration and evaluation assets are set out in note 14.

iv. Share based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model considering the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 20 for further information.

v. Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (continued)

(f) Adoption of new and revised standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(g) Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. For the year ended 30 June 2023, the Group has incurred a consolidated loss before tax of $1,285,536 and net cash outflows from operating and investing activities of $4,199,975. As at 30 June 2023, the Group had $4,357,140 in cash and cash equivalents and net current assets of $4,097,004.

The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Group successfully raising additional share capital and ultimately developing its mineral properties. The Directors believe that they will continue to be successful in securing additional funds through equity issues as and when the need to raise working capital arises. However, there is the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and whether it can realise its assets and discharge its liabilities in the normal course of business. The financial report does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as going concern.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

i. *Subsidiaries*
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii. *Investments in associates*
Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 percent and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term interest that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

HAMMER METALS LIMITED
and its Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

iii. *Joint arrangements*
The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligation for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

iv. *Transactions eliminated on consolidation*
Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

v. *Business combinations*

Business combinations are accounted for by applying the acquisition method.

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

vi. *Contingent liabilities*

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

vii. *Non-controlling interest*

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

(b) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit and loss and other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 3(f)). Depreciation is charged to the statement of profit and loss and other comprehensive income on a straight-line basis over their estimated useful lives. The estimated useful lives in the current and comparative periods are as follows:

- Office equipment 3 to 4 years
- Plant and equipment 3 to 5 years

The residual value, if significant, is reassessed annually.

(d) Financial instruments

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

(d) Financial instruments (continued)

For the purpose of subsequent measurement, financial assets, are classified into the following categories:
- amortised cost
- fair value through profit or loss (FVTPL)

The classification is determined by both:
- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets
<u>Financial assets at amortised cost</u>
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

HAMMER METALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Trade and other receivables and contract assets
The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities
The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Impairment

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

Financial assets at amortised cost
Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment (continued)

The group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime expected credit loss for trade receivables carried at amortised cost.

The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Non-financial assets
The carrying amounts of the Company's non-financial assets, other than deferred tax assets (see accounting policy 3(k)) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

HAMMER METALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Share capital

Ordinary shares
Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(h) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit and loss and other comprehensive income over the period of the borrowings on an effective interest basis.

(i) Employee benefits

Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit and loss and other comprehensive income as incurred.

Share based payment transactions
The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcome.

Wages, salaries, annual leave, sick leave and non-monetary benefits
Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax.

(j) Finance income and expenses

Net finance income
Net finance income comprises interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and realised foreign exchange gains and losses. Interest income is recognised in the statement of profit and loss and other comprehensive income as it accrues, using the effective interest method.

(k) Income tax

Income tax on the statement of profit and loss and other comprehensive income for the periods presented comprises current and deferred tax. Income tax is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income tax (continued)

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and its Australian resident wholly owned subsidiaries adopted the tax consolidation legislation with effect from 1 July 2014 and are therefore taxed as a single entity from that date. Hammer Metals Ltd is the head entity within the tax-consolidated group. Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group.

(l) Trade and other payables and provisions

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

(n) Exploration and evaluation expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the Group has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resources. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of minerals resources before the technical feasibility and commercial viability of extracting mineral resources are demonstrable.

HAMMER METALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Exploration and evaluation expenditure (continued)

Accounting for exploration and evaluation expenditure is assessed separately for each area of interest. An area of interest is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred.

For each area of interest, the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

a) The rights to tenure of the area of interest are current; and
b) At least one of the following conditions is also met:
   i. The expenditure is expected to be recouped through successful development and commercial exploitation of an area of interest, or alternatively by its sale; and
   ii. Exploration and evaluation activities in the area of interest have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise 'economically recoverable reserves' and active and significant operations in, or in relation to, the area of interest are continuing. Economically recoverable reserves are the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable conditions.

Exploration and evaluation assets include

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, trenching, and sampling and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to the operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised prior to being reclassified.

The carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Impairment testing of exploration and evaluation assets
Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploitation for and evaluation of mineral resources in the specific area are not budgeted or planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified are; or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Exploration and evaluation expenditure (continued)

- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of by sale.

Where a potential impairment is indicated, an assessment is performed for each cash generating unit which is no larger than the area of interest. The Group performs impairment testing in accordance with accounting policy 3(f).

Farm-in arrangements (in the exploration and evaluation phase)
For exploration and evaluation asset acquisitions (farm-in arrangements) in which the Group has made arrangements to fund a portion of the selling partner's (farmor's) exploration and/or future development expenditures (carried interests), these expenditures are reflected in the financial statements as and when the exploration work progresses.

Farm-out arrangements (in the exploration and evaluation phase)
The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained.

Monies received pursuant to farm-in agreements are treated as a liability (advanced cash call) on receipt and until such time as the relevant expenditure is incurred.

(o) Government grants

Government grants are recognised when there is reasonable assurance that (a) the Group will comply with the conditions attaching to them; and (b) the grants will be received; they are then recognised in profit or loss as other income or as a deduction against the carrying value of an underlying asset.
The Group recognises the refundable research and development tax incentive (received under the tax legislation passed in 2011) as a government grant. This incentive is refundable to the Group regardless of whether the Group is in a tax payable position and is presented by deducting the grant from the carrying amount of the related exploration asset.

(p) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

HAMMER METALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(r) Earnings/loss per share

Basic earnings/loss per share is calculated as net profit/loss attributable to members of the Group, adjusted to exclude any costs of servicing equity divided by the weighted average number of ordinary shares.
Diluted earnings/loss per share is calculated as net profit/loss attributable to members of the Group, adjusted for:

- Costs of servicing equity.
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses.
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when:

- it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading.
- it is expected to be realised within 12 months after the reporting period.
- or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is either expected to be settled in the consolidated entity's normal operating cycle.
- it is held primarily for the purpose of trading.
- it is due to be settled within 12 months after the reporting period.
- or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		30 June 2023	30 June 2022
4.	**OTHER INCOME**	$	$
	Management fee from farm-in partners	170,990	189,294
	Other income	19,984	25,569
		190,974	**214,863**

		30 June 2023	30 June 2022
5.	**RESULT FROM OPERATING ACTIVITIES**	$	$
	Net loss for the year before tax has been arrived at after the charging the following expenses:		
	Depreciation of property, plant and equipment	-	7,818
	Amortisation of right-of-use assets	100,585	34,640
		100,585	**42,458**
	Salary and wages	239,876	226,142
	Superannuation expense	24,567	18,627
	Share based payments	171,229	140,492
	Other employee expenses	1,450	750
	Total employee costs	**437,122**	**386,011**

		30 June 2023	30 June 2022
6.	**FINANCE INCOME AND FINANCE COSTS**	$	$
	Recognised in loss for the year:		
	Interest income	24,367	1,303
	Finance costs / lease interest expense	(7,369)	(9,770)
	Net finance income	**16,998**	**8,467**

		30 June 2023	30 June 2022
7.	**AUDITORS' REMUNERATION**	$	$
	Auditors of the Company – KPMG (resigned 11 March 2022)		
	Audit services:		
	Audit and review of financial reports	-	28,166
	Auditors of the Company – PKF (appointed 11 March 2022)		
	Audit services:		
	Audit and review of financial reports	25,450	19,000
		25,450	**47,166**

HAMMER METALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		30 June 2023 $	30 June 2022 $
8.	**INCOME TAX**		
	(a) Income tax benefit		
	Current tax	-	-
	Deferred tax	-	-
	Total income tax benefit	**-**	**-**
	Numerical reconciliation of income tax benefit to pre-tax accounting loss:		
	Loss before income tax	(1,285,536)	(645,270)
	Income tax benefit using the Company's domestic tax rate of 25% (2022: 25%)	(321,384)	(177,449)
	Adjusted for:		
	Non-deductible expenses / (Non-Assessable Income)	(44,059)	35,869
	Temporary differences and tax losses not recognised	365,443	141,580
	Income tax benefit	**-**	-
	(b) Unrecognised deferred tax assets		
	Deferred tax assets have not been recognised in respect of the following items:		
	Temporary timing differences related to:		
	Property, plant and equipment	1,025	3,443
	Investments	316,884	222,016
	Accrued expenses and provisions	28,530	42,217
	Capital raising costs	85,234	78,997
	Income tax losses	12,020,777	8,099,807
		12,452,450	8,446,480
	(c) Recognised deferred tax assets & liabilities		
	Temporary timing differences related to:		
	Exploration and evaluation expenditure	(6,169,573)	(5,334,495)
	Income tax losses	6,169,573	5,334,495
		-	-

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from.

(d) Movement of temporary differences recognised during the year ended 30 June 2023:

	Balance 1 July 2022	Profit or Loss	Other comprehensive income	Equity	Balance 30 June 2023
Exploration and evaluation expenditure	(5,334,495)	(835,078)	-	-	(6,169,573)
Carried-forward tax losses	5,334,495	835,078	-	-	6,169,573
	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX (CONTINUED)

(e) Movement of temporary differences recognised during the year ended 30 June 2022:

	Balance 1 July 2021	Profit or Loss	Other comprehensive income	Equity	Balance 30 June 2022
Exploration and evaluation expenditure	(4,793,097)	(541,398)	-	-	(5,334,495)
Carried-forward tax losses	4,793,097	541,398	-	-	5,334,495
	-	-	-	-	-

9. LOSS PER SHARE

	30 June 2023	30 June 2022
(a) Basic and dilutive loss per share calculated using the weighted average number of fully paid ordinary shares on issue at the reporting date.	(0.16) cents	(0.08) cents

Options disclosed in Note 17(b) are potential ordinary shares which are considered anti-dilutive, therefore diluted earnings per share are the same as basic earnings per share.

(b) Weighted average number of shares used in calculation of basic and dilutive earnings per share	824,347,048	814,035,632

10. CASH AND CASH EQUIVALENTS

	30 June 2023 $	30 June 2022 $
Cash at bank and on hand	**4,357,140**	**5,193,673**

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and financial liabilities are disclosed in Note 25.

11. TRADE AND OTHER RECEIVABLES

	30 June 2023 $	30 June 2022 $
Current		
GST receivable	31,007	53,463
Security deposit	80,887	25,150
Other receivables	140,755	423,149
	252,649	**501,762**

Trade and other receivables are non-interest bearing.

12. OTHER FINANCIAL ASSETS

	30 June 2023 $	30 June 2022 $
Non - Current		
Investments in other entities		
Listed shares in TSXV and ASX-listed companies - at fair value	**227,529**	**370,695**

The Group's exposure to equity price risk and sensitivity analysis in disclosed in Note 25. Listed shares recognised as non-current assets have been recognised at fair value through profit or loss ("FVTPL")

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	30 June 2023 $	30 June 2022 $
13. RIGHT-OF-USE ASSETS		
Right-of-use assets	330,634	324,262
Less: accumulated depreciation	(168,622)	(55,600)
Total right-of-use assets	**162,012**	**268,662**
Movements in right-of-use assets for the period:		
Opening balance at the beginning of the period	268,662	303,302
Additions for the period	6,372	-
Depreciation	(113,022)	(34,640)
Disposals	-	-
Closing balance at the end of the period	**162,012**	**268,662**

	30 June 2023 $	30 June 2022 $
14. EXPLORATION AND EVALUATION EXPENDITURE		
Balance at 1 July	21,337,979	17,429,445
Exploration and evaluation expenditure incurred	4,593,665	4,523,729
Exploration grants received	(148,676)	-
Research and development grant received	(1,104,678)	(615,195)
Balance at 30 June	**24,678,290**	**21,337,979**

The ultimate recovery of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest at an amount greater than or equal to carrying value. Refer note 3 (n).

Expenses capitalised to Exploration and Evaluation Expenditure assets for the year include direct exploration costs (drilling, rock chip programs and surveys including magnetic and SAM), laboratory costs (assaying, analysis and review), geological and geochemical consultants as well as allocated administration costs (including salary and wages) where those costs can be directly attributed to the exploration or evaluation activities upon a given area of interest.

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		30 June 2023	30 June 2022
15.	**TRADE AND OTHER PAYABLES**	$	$
	Trade payables and accruals	364,179	612,132
	Employee Leave Accruals	79,714	79,435
		443,893	**691,567**

All trade and other payables are non-interest bearing and payable on normal commercial terms.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 25.

		30 June 2023	30 June 2022
16.	**LEASE LIABILITIES**	$	$
	Current lease liabilities	68,892	63,997
	Non-current lease liabilities	95,701	169,940
		164,593	**233,937**

The nature of the Group's leasing activities includes office leases and the lease of motor vehicles.

		30 June 2023	30 June 2022	30 June 2023	30 June 2022
17.	**ISSUED CAPITAL**	No.	No.	$	$
(a)	Share capital				
	Ordinary shares				
	On issue at 1 July	815,394,623	806,652,519	62,965,503	62,277,335
	Shares issued for cash at $0.095 per share	-	6,842,104	-	650,000
	Conversion of performance rights	-	1,500,000	-	27,429
	Exercise of unlisted options – cash	1,000,000	400,000	46,000	17,600
	Exercise of unlisted options – cashless[1]	5,012,726	-	100,200	-
	Shares issued for cash at $0.06 per share	58,333,333	-	3,500,000	-
	Funds for unlisted options – unexercised[2]	-	-	182,100	-
	Share issue costs	-	-	(199,845)	(6,861)
	On issue at 30 June – fully paid	**879,740,682**	**815,394,623**	**66,593,958**	**62,965,503**

1 – During the year a total of 8,350,000 unquoted options were exercised using a cashless exercise facility, resulting in a total of 5,012,726 ordinary shares being issued in full settlement of the exercise.

2 – During the year ended 30 June 2023 the Company received a valid exercise notice for 3,000,000 unquoted options exercisable at $0.035 each on or before 30 June 2023, however the exercise of these options and the issue of shares was only completed on 6 July 2023.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

The company does not have authorised capital or par value in respect of its issued shares.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Dividends

No dividends were paid or declared for the year (2022: Nil).

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		30 June 2023	30 June 2022
17.	**ISSUED CAPITAL (CONTINUED)**		
(b)	Options outstanding over ordinary shares	No.	No.
	Unlisted options (Share-based payment reserve)		
	Unlisted options exercisable at $0.032 on or before 30 Nov 2022	-	8,350,000
	Unlisted options exercisable at $0.035 expiring 13 Dec 2022	-	1,000,000
	Unlisted options exercisable at $0.035 expiring 30 Jun 2023	3,000,000	3,000,000
	Unlisted options exercisable at $0.05 expiring 21 Oct 2023	3,000,000	3,000,000
	Unlisted options exercisable at $0.06 expiring 21 Oct 2023	4,000,000	4,000,000
	Unlisted options exercisable at $0.05 expiring 30 Jun 2024	2,600,000	2,600,000
	Unlisted options exercisable at $0.05 expiring 30 Nov 2024	4,500,000	4,500,000
	Unlisted options exercisable at $0.04 expiring 13 May 2025	2,000,000	2,000,000
	Unlisted options exercisable at $0.07 expiring 30 Nov 2026	4,500,000	-
		23,600,000	**28,450,000**

4,500,000 unlisted options were granted to directors, executives, and employees during the year (2022: nil). Refer to Note 20.
9,350,000 unlisted options were exercised during the year (2022: 400,000).
No unlisted options were granted to consultants during the year (2022: 2,000,000)
No fully vested unlisted options expired unexercised during the period (2022: Nil).
Options carry no voting rights until converted to fully paid ordinary shares. All unlisted options were granted for no cash consideration.

		30 June 2023	30 June 2022
		No.	No.
(c)	Performance rights outstanding		
	Performance rights (Share-based payment reserve)		
	Managing Director Performance Rights – Tranche 5	5,000,000	5,000,000
	Managing Director Performance Rights – Tranche 6	1,000,000	1,000,000
	Managing Director Performance Rights – Tranche 7	1,000,000	1,000,000
	Managing Director Performance Rights – Tranche 8	1,000,000	1,000,000
		8,000,000	**8,000,000**

The following performance rights were granted during the previous financial year (refer note 20):

	Number of options	**Vesting Date**	**Vesting Condition**	**Expiry Date**
Managing Director Performance Rights				
- Tranche 6	1,000,000	N/A	Refer below	13/12/2023
- Tranche 7	1,000,000	N/A	Refer below	13/12/2023
- Tranche 8	1,000,000	N/A	Refer below	13/12/2023

All performance rights require the managing director to remain employed until vesting date. The tranches outstanding at balance date contain the following non-market based vesting conditions:

- Tranche 5 performance rights vest upon the satisfactory completion of a transaction in accordance with the terms outlined in the Company's Notice of AGM dated 8 October 2019;
- Tranche 6 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 50,000 tonnes Cu or equivalent KPI at the sole discretion of the Board;
- Tranche 7 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 100,000 tonnes Cu or equivalent KPI at the sole discretion of the Board; and
- Tranche 8 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 200,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. RESERVES	30 June 2023 $	30 June 2022 $
Share-based payment reserve [(1)]		
Balance at beginning of period	1,399,364	1,291,101
Options issued to Directors and executives	194,850	-
Options issued to Corporate advisor	-	78,000
Performance rights issued to Managing Director	-	25,653
Options exercised during the period	(188,300)	(4,800)
Performance rights exercised during the period	-	(27,429)
Reversal of previously recognised value relating to Tranche 5 Performance Rights (Note 17(c)) [(2)]	(93,302)	-
Further vesting expense of options and rights issued in previous periods	69,681	36,839
	1,382,293	**1,399,364**

[(1)] The share-based payment reserve is used to record the fair value of options and rights issued to Directors and employees and consultants under various share-based payment schemes and options issued for the acquisition of assets.

[(2)] These rights expire on 21 October 2023, and therefore as they are currently unlikely to vest, the amount recognised as an expense to-date has been reversed.

19. COMMITMENTS

a) Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments within Australia. These obligations may be reset when application for a mining lease is made and at other times. As a result, exploration expenditure commitments beyond twelve months cannot be reliably determined.

The Group has a minimum expenditure commitment on tenure under its control.

The Group can apply for exemption from compliance with the minimum exploration expenditure requirements.

These obligations are not provided for in the financial report and are payable:

	Consolidated		Company	
	30 June 2023 $	30 June 2022 $	30 June 2023 $	30 June 2022 $
Annual minimum exploration expenditure	3,785,310	2,927,546	-	-

The annual minimum exploration expenditure disclosed above includes $1,717,540 which falls under tenements related to the joint arrangements as set out in Note 22. Of this amount, $130,347 is related to the tenement held within the Mt Frosty Joint Venture, under which the Group is responsible for 51% of expenditures on the joint arrangement, and $1,587,193 relates to twelve tenements that are held by the Group and fall under, either partially or in full, the Mt Isa East Joint Venture. This is a joint arrangement between the Group and Sumitomo Metal Mining Oceania Pty Ltd ("SMMO"), the full details of which are disclosed in Note 22.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE BASED PAYMENTS

Incentive Option Plan

The Hammer Metals Incentive Option Plan was approved by shareholders on 14 November 2019. The key features of this plan are:

(a) The plan will be available to directors, employees and other permitted persons of the Company and its subsidiaries.
(b) Options are granted for no consideration.
(c) The options are issued at an exercise price as determined by the Board from time to time.
(d) The number of shares the subject of options issued under this plan and other similar plans will not exceed 5% of the Company's issued capital from time to time.
(e) If a holder ceases to be an eligible participant of the plan during the exercise period of a vested option, the holder may exercise the options within 30 days of ceasing to be an eligible participant and thereafter the options will lapse.
(f) The options issued under this plan shall not be quoted on ASX.
(g) The options' terms are at the discretion of the Directors.

The number and weighted average exercise price of unlisted share options on issue is as follows:

	30 June 2023		30 June 2022	
	No of unlisted options	Weighted average exercise price	No of unlisted options	Weighted average exercise price
Outstanding at 1 July	28,450,000	$0.043	26,850,000	$0.045
Granted during the period	4,500,000	$0.07	2,000,000	$0.04
Exercised during the period	(9,350,000)	$0.032	(400,000)	$0.032
Expired / lapsed during the period	-	-	-	-
Outstanding at 30 June	23,600,000	$0.053	28,450,000	$0.043
Exercisable at 30 June	23,600,000		28,450,000	

The options outstanding at year end have exercise prices ranging from $0.035 to $0.07 and a weighted average remaining contractual life of 1.28 years.

The following options were granted during the year.

	Number of options granted	Date granted	% Vested	% Forfeited / Lapsed	Financial year in which grant vested / will vest
Director Options	4,500,000	23 Nov 2022	100%	-	-

The fair value of the options issued during the year to Directors was determined by reference to the Black-Scholes option pricing model. The key inputs and valuations are summarised as follows:

	Directors
Underlying security spot price on grant date	$0.063
Exercise price	$0.07
Grant date	23 Nov 2022
Expiration date	30 Nov 2026
Vesting date	Immediate
Life (years)	4
Volatility	100%
Risk free rate	3.17%
Dividend Yield	-
Number of options	4,500,000
Valuation per option	$0.0433
Remaining life (years)	3.42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE BASED PAYMENTS (CONTINUED)

Granted during previous financial year

The following options were granted during the prior year.

	Number of options granted	Date granted	% Vested	% Forfeited / Lapsed	Financial year in which grant vested / will vest
Corporate Advisor Options	2,000,000	13 May 2022	100%	-	-

The fair value of the options issued during the previous year to corporate advisors was determined by reference to the Black-Scholes option pricing model. The key inputs and valuations are summarised as follows:

	Corporate Advisor
Underlying security spot price on grant date	$0.062
Exercise price	$0.04
Grant date	13 May 2022
Expiration date	13 May 2025
Vesting date	Immediate
Life (years)	3
Volatility	80%
Risk free rate	2.83%
Dividend Yield	-
Number of options	2,000,000
Valuation per option	$0.039
Remaining life (years)	2.87

The number of performance rights on issue is as follows:

	30 June 2023 No.	30 June 2022 No.
Outstanding at 1 July	8,000,000	6,500,000
Granted during the period	-	3,000,000
Exercised during the period	-	(1,500,000)
Expired / lapsed during the period	-	-
Outstanding at 30 June	8,000,000	8,000,000
Vested and exercisable at 30 June	-	-

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20. SHARE BASED PAYMENTS (CONTINUED)

The fair value of the performance rights issued during the previous year to Key Management Personnel was determined by reference to the underlying security on the date of issue, adjusted as necessary for any market-based performance conditions. The key inputs and valuations are summarised as follows:

	Mr D Thomas – Tranche 6	**Mr D Thomas – Tranche 7**	**Mr D Thomas – Tranche 8**
Underlying security spot price on grant date	$0.044	$0.044	$0.044
Grant date	29 Nov 2021	29 Nov 2021	29 Nov 2021
Expiration date	21 Dec 2024	21 Dec 2024	21 Dec 2024
Vesting date	-	-	-
Life (years)	3	3	3
Discount applied (Note 1)	-	-	-
Number of rights	1,000,000	1,000,000	1,000,000
Value per right	$0.044	$0.044	$0.044
Remaining life (years) (Note 2)	2.4	2.4	2.4
Total value	$44,000	$44,000	$44,000
Value recognised to date	$8,551	$8,551	$8,551
Value still to be recognised	$35,449	$35,449	$35,449

Note 1 – all three tranches of performance rights issued during the previous year contain no market-based vesting conditions and therefore no discount has been applied.
Note 2 – the remaining life represents the time, in years, left until the expiry of the right.

All performance rights require the managing director to remain employed until vesting date. The vesting conditions attached to each tranche issued during the year are as follows:

- Tranche 6 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 50,000 tonnes Cu or equivalent KPI at the sole discretion of the Board;
- Tranche 7 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 100,000 tonnes Cu or equivalent KPI at the sole discretion of the Board; and
- Tranche 8 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 200,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

21. RELATED PARTIES

Key Management Personnel Compensation:

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Executive Directors
Mr D Thomas
Non-executive Directors
Mr R Davis
Mr Z Lubieniecki
Mr D Church
Executives
Mr M Pitts (Company Secretary)

	30 June 2023	30 June 2022
The key management personnel compensation comprised:	$	$
Short-term employee benefits	547,429	529,405
Post-employment benefits	41,921	40,837
Share-based payments	217,011	62,492
	806,361	**632,734**

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21. RELATED PARTIES (CONTINUED)

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and executives. Remuneration packages include a mix of fixed remuneration and equity-based remuneration.

Information regarding individual Directors and executive's compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the remuneration report section of the Directors' report.
Certain key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Some of these entities (as detailed below) transacted with the Group during the reporting period.

The aggregate value of transactions and outstanding balances relating to this entity were as follows:

		Transaction value year ended		Balance outstanding as at	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Transaction	$	$	$	$
Mr Z Lubieniecki	Consulting Fees	39,313	42,375	-	-
Mr R Davis	Consulting Fees	7,299	8,500	-	8,500
Mr M Pitts	Accounting services	45,200	48,790	4,100	5,780

The Company paid fees to Endeavour Corporate, a company associated with Mark Pitts, for accounting and financial reporting services provided to the company. The Company also paid fees to Zbigniew Lubieniecki and Russell Davis as consulting fees for geological services provided.

22. INTEREST IN OTHER ENTITIES

Name	Country of Incorporation	Percentage held 2023	Percentage held 2022
Parent and ultimate controlling entity			
Hammer Metals Limited			
Subsidiaries			
Hammer Metals Australia Pty Ltd	Australia	100%	100%
Mt. Dockerell Mining Pty Ltd	Australia	100%	100%
Mulga Minerals Pty Ltd	Australia	100%	100%
Carnegie Exploration Pty Ltd	Australia	100%	100%
Hammer Bulk Commodities Pty Ltd	Australia	100%	100%
Midas Metals Asia Pty Ltd (i)	Australia	85%	85%

(i) This subsidiary is dormant and has not traded during the year.

The investments held in controlled entities are included in the financial statements of the parent at cost.

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22. INTEREST IN OTHER ENTITIES (CONTINUED)

Joint arrangements

The Group has the following farm-in / farm-out arrangements:

Mt Frosty – Mt Isa Mines (Glencore)

During a previous financial year the Group (through its wholly owned subsidiary Mulga Minerals Pty Ltd ('Mulga')) completed the acquisition of a 51% interest in the Mt. Frosty prospect and agreed terms for a new joint venture agreement with Mount Isa Mines Limited ('MIM') (a 100% owned subsidiary of Glenore PLC).

Each party to the joint arrangement contributes exploration expenditure according to their participating interest (Hammer – 51% and MIM – 49%). Dilution provisions apply if a party elects not to contribute to a programme. If a party's participating interest falls below 10% their interest will convert to a 3% Net Profits Royalty. Mulga acts as the initial manager of the joint arrangement. The Group's interest in the above arrangement includes capitalised exploration phase expenditure totalling $599,195 at 30 June 2023 and is included in exploration and evaluation assets (note 14).

Mt Isa East JV – JOGMEC/SMMO

The Agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC") was signed in November 2019 and covers sections of the Even Steven, Mount Philp, Dronfield West and Malbon targets for a total area of approximately 290km^2 of the 2,200km^2 Mount Isa Project. The arrangement is referred to as the Mount Isa East Joint Venture, however in accordance with the Australian Accounting Standards is a joint arrangement by nature. During the Farm-in period, JOGMEC can achieve a 60% interest in the project areas by expending $6,000,000 by 31 March 2024. The Farm-in Period is staged as follows, noting that JOGMEC earns its interest after the completion of the Fifth and final Farm-in Period:

- The First Farm-in Period is a minimum expenditure of $1,000,000 by 31 March 2020 before JOGMEC can withdraw from the agreement;
- The Second Farm-in Period is an aggregate expenditure of $2,000,000 by 31 March 2021;
- The Third Farm-in Period is an aggregate expenditure of $3,000,000 by 31 March 2022;
- The Fourth Farm-in Period is an aggregate expenditure of $4,500,000 by 31 March 2023; and
- The Fifth and final Farm-in Period is an aggregate expenditure of $6,000,000 by 31 March 2024.

Upon completion of the Fifth Farm-in Period, each company can elect to contribute its pro-rata share of future funding. If either party does not contribute and is diluted to an ownership of less than 10% of the Mt Isa East JV, the Group's equitable interest will convert to a 2% Net Smelter Return Royalty. At any time, the Net Smelter Royalty Return Rate can be reduced to 1% via the payment of A$2,000,000. The areas of interest are all 100% held by the Company's subsidiaries Mt Dockerell Mining Pty Ltd and Mulga Minerals Pty Ltd. During the financial year ended 30 June 2021, JOGMEC and Sumitomo Metal Mining Oceania Pty Ltd. ("SMMO") signed an agreement whereby JOGMEC would transfer its position within the Mt Isa East JV to SMMO. The terms of the agreement remain unchanged.

During the year, the Fourth Farm-in Period was completed, and the Mt Isa East JV has continued to operate in line with the terms of the agreement noted above.

23. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	30 June 2023 $	30 June 2022 $
Loss for the year	(1,285,536)	(645,270)
Adjustments for:		
Depreciation and amortisation	100,585	42,458
Share based payments	171,229	140,492
Fair value adjustment on financial assets	143,166	113,604
Sale of tenements	-	(322,727)
Interest expense	7,369	9,770
Management fee from farm-in partners	(178,147)	(189,649)
Movements attributable to operating activities:		
Decrease / (increase) in trade and other receivables	77,351	(62,229)
Increase / (decrease) in trade and other payables	(18,798)	(212,294)
Net cash used in operating activities	(982,781)	(1,001,387)

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24. SEGMENT INFORMATION

The Group has three reportable segments, being mineral exploration in Queensland and Western Australia, and corporate activities. The Group's operating segments have been determined with reference to the monthly management accounts, program budgets and cash flow forecasts used by the chief operating decision maker to make decisions regarding the Group's operations and allocation of working capital.

Segment information
The following tables represent revenue and profit information and certain asset and liability information regarding geographical segments for the year ended 30 June 2023.

	Queensland Exploration $	Western Australia Exploration $	Corporate $	Total $
30 June 2023				
Segment income	-	-	190,974	190,974
Segment profit / (loss) before income tax expense	(3,819)	(360)	(1,281,357)	(1,285,536)
Segment assets	18,522,627	6,155,663	5,003,311	29,681,601
Segment liabilities	(23,090)	(4,875)	(580,521)	(608,486)
30 June 2022				
Segment income	-	-	214,863	214,863
Segment loss before income tax expense	318,639	(271)	(963,638)	(645,270)
Segment assets	15,734,221	5,603,758	6,334,792	27,672,771
Segment liabilities	(52,344)	(9,215)	(863,945)	(925,504)

25. FINANCIAL INSTRUMENTS DISCLOSURES

Overview
The Group has exposure to the following risks from their use of financial instruments:
Credit risk
Liquidity risk
Market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables
As the Company operates in the mining exploration sector it does not have significant trade receivables and is therefore not exposed to credit risk in relation to trade receivables. The Group receives advanced cash calls from its farm-in / joint arrangement partner which are classified as liabilities. The cash call amounts are reduced as and when expenditure in terms of the farm-in/ joint arrangement agreement is incurred.

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25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

Presently, the Group undertakes exploration and evaluation activities in Australia. At the balance sheet date there were no significant concentrations of credit risk.

Exposure to credit risk
The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount 30 June 2023 $	Carrying amount 30 June 2022 $
Cash and cash equivalents	10	4,357,140	5,193,673
Trade and other receivables	11	252,649	501,762

Impairment losses
None of the Group's trade and other receivables are past due and impaired (2022: Nil).

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due (refer Note 2(g)). The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. Typically, the Group ensures it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The expected settlement of the Group's financial liabilities is as follows:

Consolidated	Carrying Amount	Contractual Cash-Flows	< 6 months	6-12 months	1-2 years	2-5 years
30 June 2023						
Trade and Other Payables	443,893	443,893	443,893	-	-	-
Lease liabilities	164,593	172,343	36,183	36,183	72,400	27,577
	608,484	616,234	480,074	36,183	72,400	27,577
30 June 2022						
Trade and Other Payables	691,567	691,567	691,567	-	-	-
Lease liabilities	233,937	247,904	36,201	36,201	72,401	103,101
	925,504	939,471	727,768	36,201	72,401	103,101

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
The Group has no exposure to currency risk on investments and transactions that are denominated in a currency other than the respective functional currencies of Group entities. The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

Interest rate risk
The Group is not exposed to interest rate risk on borrowings as it has no borrowings subject to variable interest. The Group is exposed to interest rate risk on its cash balances.

Profile
At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

	Carrying amount	
	30 June 2023	30 June 2022
	$	$
Fixed rate instruments		
Cash and cash equivalents	22,367	22,256
Weighted average interest rates	4.00%	0.25%
Variable rate instruments		
Cash and cash equivalents	4,334,773	5,171,417
Weighted average interest rates	1.32%	0.20%

Fair value sensitivity analysis for fixed rate instruments
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss or equity (2022: Nil)

Cash flow sensitivity analysis for variable rate instruments
A sensitivity of 50 basis points has been used and considered reasonable given current interest rates. A 0.5% movement in interest rates at the reporting date would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis for 2022 was performed on the same basis.

	Loss		Equity	
Consolidated				
	50bp increase	50bp decrease	50bp increase	50bp decrease
30 June 2023				
Variable rate instruments	$21,786	($21,786)	$21,786	($21,786)
30 June 2022				
Variable rate instruments	$25,857	($25,857)	$25,857	($25,857)

Carrying amounts versus fair values
The fair values of financial assets and liabilities materially equates to the carrying amounts shown in the statement of financial position.

	30 June 2023	30 June 2022
	$	$
Financial assets carried at fair value through profit or loss		
Equity securities – listed on ASX and TSXV at quoted prices	227,529	370,695
Financial assets carried at amortised costs		
Cash and cash equivalents	4,357,140	5,193,673
Trade and other receivables	252,649	501,762
Financial liabilities carried at amortised costs		
Trade and other payables	(443,893)	(691,567)
Lease liabilities	(164,593)	(233,937)

HAMMER METALS LIMITED
and its Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

There are no off-balance sheet financial asset and liabilities at year-end.
All financial assets and liabilities were denominated in Australian dollars during the years ended 30 June 2023 and 2022.

Fair value risk
The group uses three different methods in estimating the fair value of a financial investment. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets; and
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – the fair value is estimated using inputs other than quoted prices.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.
The fair value of derivatives that do not have an active market are based on valuation techniques. Level 2 derivatives include market observable inputs whilst level 3 derivatives do not include market observable inputs.

Transfer between categories
There were no transfers between levels during the year.

The fair value of financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

Consolidated	Quoted Market Price Level 1 $	Valuation Technique: Market Observable Inputs Level 2 $	Valuation Technique: Non-market Observable Inputs Level 3 $	Total $
30 June 2023				
Equity securities – listed on ASX and TSXV at quoted prices	227,529	-	-	227,529
	227,529	-	-	227,529
30 June 2022				
Equity securities – listed on ASX and TSXV at quoted prices	370,695	-	-	370,695
	370,695	-	-	370,695

Other Market Price Risk
Other Equity price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. Investments are managed on an individual basis and material buy and sell decisions are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

Fair value sensitivity analysis for equity securities (listed investments)
A sensitivity of 10% has been used and considered reasonable given current market rates. A 10% movement in market prices at the reporting date would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis for 2022 was performed on the same basis.

Consolidated	Loss		Equity	
30 June 2023	10% increase	10% decrease	10% increase	10% decrease
Equity securities – listed on TSXV	$22,753	($22,753)	$22,753	($22,753)
30 June 2022				
Equity securities – listed on TSXV	$37,695	($37,695)	$37,695	($37,695)

Commodity Price Risk
The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk at this stage.

Capital Management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.
There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.
Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

26. PARENT ENTITY DISCLOSURES

	Company	
	30 June 2023	30 June 2022
Financial Position	$	$
Assets		
Current assets	23,208,159	20,982,882
Non-current assets	6,465,856	6,624,615
Total assets	**29,674,015**	**27,607,497**
Liabilities		
Current liabilities	463,173	690,290
Non-current liabilities	137,727	169,940
Total liabilities	**600,900**	**860,230**
Net assets	**29,073,115**	**26,747,267**
Equity		
Issued capital	66,593,958	62,965,503
Accumulated losses	(38,903,136)	(37,617,600)
Reserves	1,382,293	1,399,364
Total equity	**29,073,115**	**26,747,267**

HAMMER METALS LIMITED
and its Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. PARENT ENTITY DISCLOSURES (CONTINUED)

	Company	
Financial Performance	30 June 2023 $	30 June 2022 $
Loss for the year	(1,285,536)	(645,270)
Other comprehensive income	-	-
Total comprehensive income	**(1,285,536)**	**(645,270)**

There were no contingent liabilities of the parent entity at 30 June 2023 (2022: None), nor where there any commitments of the parent entity (2022: None).

27. CONTINGENCIES

The Group has no contingencies as at 30 June 2023 (2022: nil).

28. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to year end the following events have occurred:

- As noted above, on 6 July 2023 a total of 3,000,000 options exercisable at $0.035 on or before 30 June 2023 were validly exercised and 3,000,000 new ordinary shares were issued upon their conversion. The funds for the exercise were received prior to the end of the financial year.
- On 2 August 2023, the Company issued 3,666,667 ordinary shares to Directors of the Company at an issue price of $0.06 per share. These shares were issued in conjunction with the Share Placement completed on 5 June 2023, and the issue was approved by shareholders at the General Meeting held on 13 July 2023.
- On 7 September 2023, Zbigniew Lubieniecki resigned as a non-executive director, and James Croser was appointed as non-executive director on 8 September 2023. As part of his appointment, the Company issued 4,000,000 unquoted options exercisable at $0.08 on or before 30 November 2026 to Mr Croser.

Other than the above, there has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

HAMMER METALS LIMITED
and its Controlled Entities

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Hammer Metals Limited ("the Company"):

(a) the consolidated financial statements and notes and the remuneration report in the Directors' report, are in accordance with the Corporations Act 2001, including:

i. *giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and*

ii. *complying with Australian Accounting Standards and the Corporations Regulations 2001;*

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations by the managing director and company secretary for the financial year ended 30 June 2023 pursuant to Section 295A of the Corporation Act 2001.

3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

R Davis
Chairman

Perth

Dated 20 September 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

HAMMER METALS LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Hammer Metals Limited (the "Company") and controlled entities (consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the Company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the accompanying financial report of Hammer Metals Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to the financial report which indicates the consolidated entity has incurred an operating loss of $1,285,536 (2022: $645,270) and combined operating and investing cash outflows of $4,199,975 (2022: $4,581,809) for the year ended 30 June 2023. These conditions along with other matters in Note 2(g), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

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Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current year. These matters were addressed in the context of our audit of the financial report, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be a key audit matter to be communicated in our report.

Carrying value of capitalised exploration expenditure

Why significant	How our audit addressed the key audit matter

As at 30 June 2023, the carrying value of exploration and evaluation assets was $24,678,290 (2022: $21,337,979), as disclosed in note 14.
 	
The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in notes 3 and 14.
 	
Significant judgement is required:
• in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"); and
• in determining the treatment of exploration and evaluation expenditure in accordance with AASB 6, and the consolidated entity's accounting policy. In particular:
  ○ whether the particular areas of interest meet the recognition conditions for an asset; and
  ○ which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.
	Our work included, but was not limited to, the following procedures:
	• Conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with *AASB 6 - Exploration for and Evaluation of Mineral Resources* including:
	  ○ assessing whether the rights to the tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;
	  ○ holding discussions with the Directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
	  ○ obtaining and assessing evidence of the consolidated entity's future intention for the areas of interest, including reviewing future budgeted expenditure and related work programs.
	• considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
	• testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with *AASB 6 - Exploration for and Evaluation of Mineral Resources* and the consolidated entity's accounting policy; and

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Why significant	How our audit addressed the key audit matter
	• assessing the appropriateness of the related disclosures in Notes 3 and 14.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.
As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Hammer Metals Limited for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

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Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF PERTH

ALEXANDRA CARVALHO
PARTNER

20 SEPTEMBER 2023
WEST PERTH,
WESTERN AUSTRALIA

ASX Additional Information

Additional information required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report is set out below. Information regarding share and option holdings is current as at 16 October 2023.

▲ (a) Ordinary Shareholders

Twenty largest holders of ordinary shares	Number of shares	Held %
CENTRAL MUTUAL (INVESTMENTS) PTY LTD <CENTRAL MUTUAL (INV) A/C>	87,591,074	9.88
MR ZBIGNIEW WALDEMAR LUBIENIECKI	64,826,884	7.31
ZENITH PACIFIC LIMITED	55,000,000	6.20
DAVIS FAMILY CAPITAL PTY LTD <THE DAVIS SUPER FUND A/C>	41,244,013	4.65
BNP PARIBAS NOMS PTY LTD <DRP>	41,013,499	4.63
LUNDIE INVESTMENTS PTY LTD <PATASH INVESTMENTS S/F A/C>	27,417,037	3.09
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	21,431,358	2.42
SAMLISA NOMINEES PTY LTD	20,000,000	2.26
CITICORP NOMINEES PTY LIMITED	13,408,122	1.51
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,968,977	1.01
B & C WATSON HOLDINGS PTY LTD <WATSON SUPER FUND A/C>	8,888,888	1.00
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	8,464,970	0.95
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,500,000	0.85
MR SHANE RONALD BRITTEN	6,890,842	0.78
MR PHILIP JOSEPH PARKINS <P H FREIGHT A/C>	6,744,086	0.76
ANGIP NOMINEES PTY LTD <JOHNS FAMILY A/C>	6,500,000	0.73
SACCHETTA GROUP HOLDINGS PTY LTD <JOHN SACCHETTA SUPER A/C>	6,473,000	0.73
MR ROBERT SPOONER	4,700,000	0.53
HINTON FAMILY HOLDINGS PTY LTD	4,666,125	0.53
MR BRYCE ROY SYMONS	4,400,000	0.50
	446,128,875	**50.33**

Significant shareholders	Number of shares	Held %
CENTRAL MUTUAL (INVESTMENTS) PTY LTD <CENTRAL MUTUAL (INV) A/C>	87,591,074	9.88
MR ZBIGNIEW WALDEMAR LUBIENIECKI	64,826,884	7.31
ZENITH PACIFIC LIMITED	55,000,000	6.20

Each fully paid ordinary share entitles the holder to one vote at general meetings of shareholders and is entitled to dividends when declared.

The total number of shares on issue is 886,407,349

The number of shareholders holding less than a marketable parcel is 914.

There is no current on market buy back.

The Company has no ordinary shares which are subject to voluntary escrow.

(a) Ordinary Shareholders

Distribution of ordinary shareholders

Category of shareholding	Number of shareholders	Number of shares	Held %
1 – 1,000	173	31,397	0.00
1,001 – 5,000	129	472,279	0.05
5,001 – 10,000	536	4,307,038	0.49
10,001 – 100,000	1,692	71,053,324	8.02
100,001 and over	800	810,543,311	91.44
Total	**3,330**	**886,407,349**	**100.00**

(b) Unquoted Securities

The Company has the following unquoted securities on issue.

Category of security	Number	Number of holders
Unlisted options exercisable at $0.05 on or before 21 October 2023	3,000,000	1
Unlisted options exercisable at $0.06 on or before 21 October 2023	4,000,000	1
Unlisted options exercisable at $0.05 on or before 30 June 2024	2,600,000	5
Unlisted options exercisable at $0.05 on or before 30 November 2024	4,500,000	3
Unlisted options exercisable at $0.04 on or before 13 May 2025	2,000,000	1
Unlisted options exercisable at $0.07 on or before 30 November 2026	4,500,000	3
Unlisted options exercisable at $0.08 on or before 30 November 2026	4,000,000	1
Performance rights expiring 13 December 2023, vesting on the satisfaction of a suitable transaction	5,000,000	1
Performance rights, expiring 21 December 2024, vesting upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 50,000 tonnes Cu or equivalent KPI at the sole discretion of the Board	1,000,000	1
Performance rights, expiring 21 December 2024, vesting upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 100,000 tonnes Cu or equivalent KPI at the sole discretion of the Board	1,000,000	1
Performance rights, expiring 21 December 2024, vesting upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 200,000 tonnes Cu or equivalent KPI at the sole discretion of the Board	1,000,000	1

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